2023 UNIVERSAL REGISTRATION DOCUMENT

L'ORÉAL

INCLUDING THE ANNUAL FINANCIAL REPORT, THE INTEGRATED REPORT
AND THE NON-FINANCIAL INFORMATION STATEMENT

Contents

Detailed chapter contents can be found at the beginning of each chapter.

AFR *This information is an integral part of the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code.*

NFPS *This information forms an integral part of the Non-Financial Performance Statement as provided in Articles L. 225-102-1, L. 22-10-36 and R. 225-105 of the French Commercial Code.*

Universal Registration Document

2023

INCLUDING THE ANNUAL FINANCIAL REPORT, THE INTEGRATED REPORT AND THE NON-FINANCIAL INFORMATION STATEMENT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document has been filed on March 19, 2024 with the French Financial Markets Authority (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

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“L’Oréal has continued to demonstrate the excellence of its model and its teams”

JEAN-PAUL AGON
Chairman of the Board of Directors of L’Oréal

In a world where instability has become the norm, the beauty market remains dynamic and resilient. L’Oréal has once more significantly strengthened its position as world leader. The Group has continued to demonstrate the excellence of its business model and its teams, whom I would like to thank from the bottom of my heart.

L’Oréal's fundamentals are our strength and our difference: our obsession with research, innovation and quality; a dual commitment to business and society; a people-centered culture; listening to consumers; creating value that benefits all.

Another inherent asset is the tremendous quality of the executive team, whom I congratulate. Nicolas Hieronimus is a great captain, always improving the navigation of the L’Oréal ship and its focus on new horizons. I would like to pay tribute to his remarkable leadership in enabling the Executive Committee and all L'Oréal teams to harness tailwinds together.

The solidity of our governance and shareholder base is also key, wholly focused on L’Oréal’s long-term interests. The perfectly complementary roles of Chairman and CEO are a guarantee of the company's success and longevity. More than ever, the ability to rely on the diverse perspectives and expertise of our Board members is crucial. Their insights help us to decipher the complexity of the world and shape L’Oréal's future. This year, the Board of Directors paid particular attention to growth risks and opportunities in Asia and emerging markets, along with the progress of our sustainable and inclusive transformation programme, L’Oréal for the Future. It also considered the requirements of new European sustainability reporting standards.

Our commitments and values are equally essential drivers. Our employees, each in their own field, have further accelerated the implementation of positive-impact projects to rise to the challenges the world faces.

Above all, I want to highlight the extraordinary commitment of our teams. Once again this year they have surpassed themselves. Their entrepreneurial spirit, creativity and sense of ethics and responsibility will always be the lifeblood of our company.

For nearly 115 years, L’Oréal has actively built on stable pillars and an ability to adapt with phenomenal speed to an ever-shifting world.

As a result, I have every confidence in the future of our company.

L’Oréal gives hundreds of millions of people the freedom to be who they want to be and the power to feel good.

This is what drives us to pursue this exciting and inspiring Adventure in beauty.

“2023 was another record-breaking year for L’Oréal”

NICOLAS HIERONIMUS
Chief Executive Officer of L’Oréal

I would like to thank our teams around the world for their creativity, entrepreneurship and passion. Thanks to their efforts we achieved a +11% increase in sales in 2023, our strongest like-for-like growth in 20 years (excluding the post-Covid rebound in 2021), despite geopolitical tensions, inflationary pressures and a stagnating Chinese market. We once again outperformed the extremely dynamic global beauty market (+8%) to reach more than €40 billion in annual sales for the first time, with a record operating margin of 19.8%. This remarkable performance is a clear vindication of the power of our multipolar model and operational agility. Our strategy to rebalance our regional footprint has been another key to our success: it has allowed us to seize growth opportunities wherever they arise while strengthening our global leadership position. I am particularly pleased with the strong acceleration in emerging markets, which contributed 30% of our growth, together with the resilience of our historic markets in Europe and North America.

Staying true to our dual ambition of combining financial performance with social and environmental performance, we continued to invest in targeted initiatives to deliver our L’Oréal for the Future commitments. Our efforts have again earned recognition from external experts: we are the only company in the world to have been awarded a triple-A rating by CDP for eight years in a row.

In 2024, the global market promises to be driven by the “dopamine effect[1]” of beauty, which attracts consumers looking for wellbeing and pleasure to beauty products.The infinite opportunities of this effect provide the perfect backdrop as L’Oréal celebrates 115 years in beauty. Our company will continue to outperform the competition, drawing on our proven strengths: our scientific excellence paired with boundless creativity, our digital leadership, and our unrivalled portfolio of brands, the most powerful in the beauty industry, able to serve consumers in all their diversity.

I look to the year ahead with the utmost confidence, determined to pursue our transformation and invent the future of beauty – a beauty that is increasingly personalised, inclusive, sustainable and augmented by technology. Thanks to our advances in artificial intelligence and the talent of our teams, we will continue to push the boundaries of creativity.

Watch the full interview with the CEO by scanning this QR code or on lorealannualreport2023.com

(1) *Dopamine is commonly known as the "happy hormone".*

Presentation of the Group – Integrated Report AFR

1

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This chapter presents the well-balanced business model of the L'Oréal Group, its strategic orientations, its 2023 results, its non-financial performance, and its relationships with its stakeholders, particularly in the context of the L'Oréal for the Future sustainability programme[(1)].

1.1. The L'Oréal Group: the fundamentals

1.1.1. Our Sense of Purpose *(raison d'être)*

The desire for beauty has existed since the beginning of humanity.
It's a universal aspiration which crosses time, countries and cultures.

Beauty is a powerful force that moves us.

We know that beauty is more than just looking good.
Beauty gives us confidence in who we are, in who we want to be and in our relationships with others.

For over a century we have been dedicated to one sole vocation: creating beauty.
We remain true to the pioneering spirit of our founder and enjoy the unwavering support of his family, who have always accompanied our development.

Our goal is to offer each and every person around the world the best of beauty
in terms of quality, efficacy, safety, sincerity and responsibility
to satisfy all beauty needs and desires in their infinite diversity.

Because beauty is a permanent quest,
we harness the power of our innovation to continually enhance the performance of our products and services.
Because we value diversity,
we leverage each of our brands to celebrate all expressions of beauty.
Because we strive to be exemplary with a long-term vision,
we anchor our actions in our strong values and demanding ethical principles.

And because we are the global leader in beauty,
we are aware that **everything we do can have a meaningful impact**.

Therefore:

We act to shape the future of beauty
by leveraging the best of science and technology, increasingly inspired by nature.
We act to drive social innovation
by offering the best working conditions,
training and social protection for our employees.
We act to build a business with inclusivity at its heart
by ensuring we are as diverse as the people we serve.
We act to nurture lasting partnerships with our clients and suppliers
based on mutual trust and collaboration.
We act to create value for all our shareholders
by sustaining a robust business model.
We act to champion the cause of women and to strengthen
the communities with which we engage.
We act to protect the beauty of the planet
by fighting climate change, respecting biodiversity
and preserving natural resources.

At L'Oréal, we share a common purpose to:

Create the beauty that moves the world.

(1) See subsection 1.4.2.

L'Oréal's Sense of Purpose *(raison d'être)* is a core principle for the Group, to see ourselves as a high-performing, committed, responsible, inclusive company showing solidarity in decades to come. L'Oréal's raison d'être is included in the strategic orientations defined by its Board of Directors and in its business model.

L'Oréal's sense of purpose was developed following the work implemented over almost two years, initiated and driven at the highest level by Mr Jean-Paul Agon and Mr Nicolas Hieronimus, as well as several members of the Executive Committee. L'Oréal's raison d'être was the result of dialogues with the Group's employees in three of its key countries (France, the United States and China) and many external stakeholders, including consumers. The progress made was discussed several times in the Executive Committee. For L'Oréal, the aim was to collect and formalise its contribution to the world as a company, its values and its commitments in one document.

This raison d'être was approved on 6 February 2020 by the Board of Directors, who incorporated it into their Management Report published in the 2019 Universal Registration Document and presented to the Annual General Meeting of Shareholders on 30 June 2020.

L'Oréal was presented with the Award for ESG Purpose and Commitments at the 2022 General Meeting and Gender Balance Awards ceremony, organised by the *Institut du Capitalisme Responsable*.

A single sentence epitomises L'Oréal's Sense of Purpose: "Create the beauty that moves the world." **It is defined in concrete actions** made to consumers, employees, clients, suppliers, shareholders, service providers and communities. L'Oréal is committed to efforts to combat climate change, by respecting biodiversity and preserving natural resources, and to championing the cause of women. The majority of the Group's brands have supported their causes since 2018, combatting violence against women with the Abuse is Not Love programme from Yves Saint Laurent Beauty, campaigning against street harassment with L'Oréal Paris and the Stand Up programme, helping women get access to reading with Lancôme's Write her Future programme or supporting environmental causes with Biotherm's Water Lovers programme. In 2022, Biotherm launched an ambitious mission to use yacht races, including the Route du Rhum 2022 and The Ocean Race in 2023, to raise public awareness of the threats affecting the oceans. Furthermore, L'Oréal has become the official sponsor of the Orient Express Racing team, the French contender in the 37th America's Cup.

In its Management Report, disclosed in the present document, L'Oréal's Board of Directors reports on the implementation of the commitments included in its raison d'être, and on the progress towards the goals set:

- economic performance is inseparable from corporate social responsibility performance. The results of the Group's non-financial performance, which are reviewed by external auditors along with its financial performance, reflect the achievements of L'Oréal arising from its sense of purpose. Chapter 4 reports on the social, environmental and societal policies and progress, inclusion and ethics within the L'Oréal for the Future programme covering the Group's commitments to sustainability;
- L'Oréal also presents its progress and achievements in non-financial areas through its annual reporting made to the United Nations Global Compact;
- this chapter also reports on the Group's financial performance, particularly through its business model (see section 1.3.); and
- the Group's CSR performance is one of the factors considered in determining the variable portion of L'Oréal's executive corporate officers (see section 2.4) and the Group's principal executives (see subsection 4.1.3).

1.1.2. The strategy and fundamentals of L'Oréal

1. A clear vision and strategy

L'Oréal has defined a clear vision that is broken down into two points: its Sense of Purpose (raison d'être), which is detailed above, and Beauty for eac L'Oréal aims to offer women and men around the world the best in cosmetics in terms of quality, effectiveness, safety, sincerity and responsibility in order to meet all their needs and all their beauty wishes in their infinite diversity. More than ever, L'Oréal's vision takes on its full meaning and represents a strong anchor in this increasingly unpredictable and complex environment.

L'Oréal's strategy is to combine both universalisation and singularisation. Universalisation involves the globalisation of brands by taking regional characteristics into consideration in order to serve and retain 1.5 billion consumers. Singularisation takes into account a growing global trend towards self-affirmation for both men and women by providing a diverse range of offers and personalisation. The goal is to offer inclusive beauty by responding to the specific aspirations of consumers in every region of the world. In contrast to standardisation, it is based on careful attention to consumers and a deep respect for their differences.

2. One single business: beauty, nothing but beauty and all beauty

For over a century, L'Oréal has carried out a single business: creating beauty. Cosmetics are rich in meaning. They allow each person to boost their self-confidence, express their personality and open up to others.

Focusing on a single business represents a major competitive advantage for L'Oréal in a dynamic, resilient market. The Group boasts more than one hundred years of cosmetic expertise, talented specialists and an in-depth knowledge of consumers. This is built on a detailed knowledge of beauty cultures, needs, desires and aspirations. L'Oréal covers all continents across more than 150 countries, all product categories[1], all distribution channels including e-commerce and Travel Retail, and all price segments.

By focusing its energy on a single business, along with an obsession for "seizing the opportunities" ("*Saisir ce qui commence*"), L'Oréal is able to identify new consumer trends and respond rapidly. The digital revolution in particular, in perfect alignment with "social beauty", connected and shared, acts to speed up the development of the beauty market driven by economic, technological, demographic and sociological developments.

3. The challenge of innovation: the strength of Research, Innovation (R&I) and Technology

Innovation has been and remains the core of the L'Oréal model: the Group was born from a breakthrough innovation – safe hair dye invented by its founder Eugène Schueller. L'Oréal believes that beauty happens when science and creativity come together to meet the needs of consumers who expect new experiences over and above products and services. The discoveries of R&I, as well as the unique intuition and creativity of the marketing teams, mean that products are constantly evolving to meet consumers' needs. Because L'Oréal records a significant share of its sales with new products every year, the Group has a duty to be the champion of cosmetics innovation.

On the one hand, the beauty of the future is now focused on **Green Sciences** that reconcile efficiency, naturalness and sustainability to give the Group's products, formulas or packaging a competitive advantage; and, on the other hand, on **Beauty Tech** to enhance science via cutting-edge technologies on a large scale and to offer unparalleled beauty experiences. Innovation is at the heart of the model and, coupled with technology, is a driving force for growth and discovery of new areas of beauty. Data, artificial intelligence, robotics and nanotechnologies will strengthen and speed up the Group's innovations to help make it a champion of the Beauty Tech. L'Oréal also draws on some of the biggest strategic data partnerships, most notably with Verily, the health technology arm of the Alphabet Group, and Bakar Labs, the University of California Berkeley's biotechnology incubator. L'Oréal invents the beauty of the future while becoming the company of the future.

4. Marketing of brands, products, services and of the customer experience

Over the next decade, the cosmetics market will become more digital and competitive, with the arrival of new players from new markets and other industries such as fashion, luxury and e-commerce. In this context, L'Oréal's expertise and excellence in creating and developing major brands that are prized by consumers all over the world will be essential assets. L'Oréal has always been able to create star products, from brand new franchise launches to innovations that evolve into "icons" over time. The skills of the marketing departments for our brands and laboratories are key assets in the collaborative, agile design of new products, services and customer experiences.

5. Adapting and seizing every opportunity through multi-polar growth in each region and division

L'Oréal's global footprint enables it to steer its growth by continuously adapting to the context it faces, seize opportunities as they arise and minimise exposure to areas where business is slower. In terms of regions, Europe has always been and remains the Group's core region as well as its historic cradle. North America, currently the premier beauty market, is boosted by its demographics, the reinforcement of ethnic diversity and the ongoing acceleration of e-commerce. China is a major contributor to Group sales, with its consumers representing a significant source of growth for the long term. A major accelerator for the Group is the emerging markets, including the Latin America Zone, South-East Asia, India and the Middle East. With a population of three billion; these markets are young, connected and hungry for beauty products. L'Oréal continues to expand in Africa.

The Group's four divisions enable it to meet all consumer expectations. The Group's primary Division, Consumer Products, aims to give the best of beauty a more premium feel while also making it accessible to more people, and it is the Group's main asset as it attempts to conquer the emerging markets; the Luxe Division responds to the desire for quality and experience in the upper-middle classes; the Dermatological Beauty Division[2] responds to increasingly high expectations in terms of skincare and sales have more than doubled in just three years; finally, the Professional Products Division enhances the sophistication of the market and the salon sector.

(1) *Hair colour, skincare, sun care, make-up, perfumes, hygiene products etc.*

(2) *New name announced on 10 February 2023 (previously known as the Active Cosmetics Division).*

6. The dual goal: economic and corporate excellence to create lasting value for all

Economic and financial performance is not enough for L'Oréal. Because there will be no economic growth without sustainability in the future, L'Oréal has set itself the dual goal of excellence, in both the economic and societal domains. It will be the condition for its success and its long-term existence. Because L'Oréal is the global leader in beauty, it has the duty to contribute to the beauty of the planet and be a champion of CSR. And it is because L'Oréal is a social, environmental, societal and ethical leader that it will achieve greater performance in the future. The two performances go hand in hand and mutually enhance each other, as L'Oréal has demonstrated to date.

7. Prioritising people and social harmony

In keeping with the legacy of our founder, Eugène Schueller, individuals and social harmony are at the heart of L'Oréal and must remain our priority in a climate where attracting talent is becoming increasingly complex. The Group's values have always been humanist in nature. In entrepreneurial culture, passionate and committed teams are the strategic intangible assets that always have and always will make all the difference.

L'Oréal's human and social project constitutes both the strength and the appeal of its model in an ever-changing world. It is based around two priorities: the attention paid to developing each employee through ongoing learning, accelerated career paths or international careers; and a unique social model that combines competitive social performance and shared growth (profit-sharing, incentives, employee shareholding plan etc.).

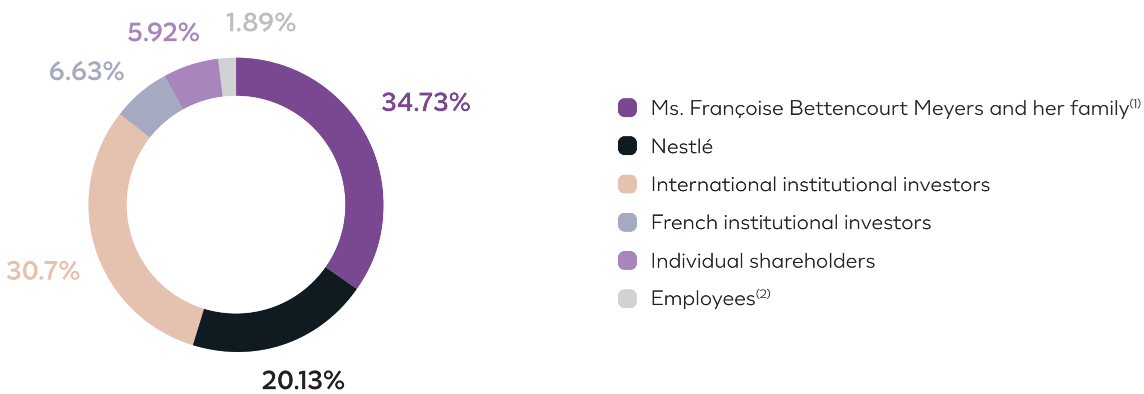
For more than 15 years, L'Oréal has been committed to diversity, equity and inclusion and recognised for its actions worldwide. The Group's policy in this area is further developed in paragraph 4.3.2.6.

1.1.3. Stable governance

The stability of the Group's governance in a changing world makes it possible to work towards long-term objectives and to ensure regular growth.

1.1.3.1. Loyal shareholders, stable capital structure

SHAREHOLDERS AS AT 31 DECEMBER 2023



(1) Consisting, in addition to Ms Françoise Bettencourt Meyers, of Mr Jean-Pierre Meyers, Mr Jean-Victor Meyers and Mr Nicolas Meyers, along with Téthys S.A.S. and Financière L'Arcouest S.A.S.

(2) Concerns the current and former employees of L'Oréal. The percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code. Of which 0.99% of the share capital as part of the L'Oréal Employee Savings Plan and employee investment funds as defined by Article L. 225-102 of the French Commercial Code.

1.1.3.2. A balanced and committed Board of Directors, which fully plays its role of reflection and strategic impetus

The Board of Directors defines the strategic orientations of L'Oréal and monitors its implementation, in accordance with its corporate interest, taking the social and environmental challenges of its business activity into consideration. It oversees the management of both the financial and non-financial aspects, and ensures the quality of the information provided to shareholders and to the market.

The composition of L'Oréal's Board makes it possible to take into account the specific nature of its shareholding structure while guaranteeing the interests of all its stakeholders. At 31 December 2023, the Board of Directors comprised 16 members:

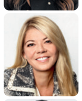
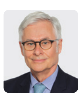
- the Chairman, Mr Jean-Paul Agon;
- the Chief Executive Officer, Mr Nicolas Hieronimus;
- three Directors (one of whom is the Board's Vice-Chairman) from the Bettencourt Meyers family, which owns 34.73% of the share capital – Ms Françoise Bettencourt Meyers, Mr Jean-Victor Meyers and Mr Nicolas Meyers;
- two Directors (one of whom is the Board's Vice-Chairman) linked to Nestlé, which owns 20.13% of the share capital – Mr Paul Bulcke and Ms Béatrice Guillaume-Grabisch;
- seven independent Directors: Ms Sophie Bellon, Ms Fabienne Dulac, Ms Belén Garijo, Ms Ilham Kadri, Ms Virginie Morgon, Mr Patrice Caine and Mr Alexandre Ricard. 50% of the Directors are therefore independent (seven out of 14 excluding the Directors representing the employees); and
- two Directors representing the employees: Mr Thierry Hamel and Mr Benny de Vlieger.

The Board takes steps to ensure that the Directors come from different backgrounds and that they complement one another due to their different professional experience, their skills and their international exposure (see paragraph 2.2.1.2.) The diversity of skills and expertise on the Board enables it to understand rapidly and in detail the development challenges that L'Oréal faces.

L'Oréal is attentive to compliance with the principle of balanced gender representation on the Board: 50% of its members are women[1] and two Board Committees out of four are chaired by women.

(1) Excluding Directors representing the employees in accordance with the French Commercial Code (Code de commerce).

COMPOSITION OF THE BOARD AT 31 DECEMBER 2023

	At 31 December 2023		Age	Female/Male	Nationality	No. of directorships in listed companies*	Independence	Initial appointment date	Expiry date of term of office (AGM)	Seniority on the Board *(years)*	Board Committees: Strategy and Sustainability	Board Committees: Audit	Board Committees: HR and Remuneration	Board Committees: Nominations and Governance
Chairman	Mr Jean-Paul Agon		67	M	French			25/04/2006	2026	17	C			
Chief Executive Officer	Mr Nicolas Hieronimus		59	M	French			20/04/2021	2025	2				
Françoise Bettencourt Meyers and her family	Ms Françoise Bettencourt Meyers **Vice-Chair**		70	W	French			12/06/1997	2025	26	●		●	●
	Mr Jean-Victor Meyers		37	M	French			13/02/2012	2024	11	●			
	Mr Nicolas Meyers		35	M	French			30/06/2020	2024	3		●		
Directors linked to Nestlé	Mr Paul Bulcke** **Vice-Chairman**		69	M	Belgian Swiss	1		20/04/2017	2025	6	●		●	●
	Ms Béatrice Guillaume-Grabisch		59	W	French			20/04/2016	2024	7		●		
Independent Directors	Ms Sophie Bellon		62	W	French	1	♦	22/04/2015	2027	8			C	●
	Mr Patrice Caine		53	M	French	1	♦	17/04/2018	2026	5	●			C
	Ms Fabienne Dulac		56	W	French	1	♦	18/04/2019	2027	4		●	●	
	Ms Belén Garijo		63	W	Spanish	2	♦	17/04/2014	2026	9			●	
	Ms Ilham Kadri		54	W	French Moroccan	2	♦	30/06/2020	2024	3		●		
	Ms Virginie Morgon		54	W	French		♦	26/04/2013	2025	10		C		
	Mr Alexandre Ricard		51	M	French	1	♦	20/04/2021	2025	2	●			
Directors representing employees	Mr Thierry Hamel		69	M	French			21/04/2022	2026	1			●	
	Mr Benny de Vlieger		59	M	Belgian			21/04/2022	2026	1		●		

57.8 YEARS
average age of Directors

50%
independent Directors***

50%
female Directors***

50%
male Directors***

♦ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors* ● *Member of the Committee* **C** *Chairman of the Committee*

* *Number of directorships (excluding L'Oréal) held in listed companies, including foreign companies, in accordance with the provisions of Article 20 of the AFEP-MEDEF Code (i.e. excluding directorships held in subsidiaries and affiliates, held alone or in concert, by an executive corporate officer of companies whose main activity is to acquire and manage such affiliates).*

** *Mr Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017.*

*** *Excluding Directors representing the employees in accordance with the French Commercial Code* (Code de commerce) *and the AFEP-MEDEF Code.*

ACTIVITIES OF THE BOARD AND ITS COMMITTEES IN 2023

The Board of Directors fully assumes its role in defining the Group's strategic orientations.

Thanks to an open and constructive dialogue with the General Management and regular meetings with management, the Directors are completely up-to-date with L'Oréal's economic reality and fully informed of all the Company's activities, its performances and the challenges it faces. They examine the main areas and opportunities for long-term development and acquisitions in particular.

The Directors make sure that the decisions taken contribute to implementation of the strategy.

Wishing to continually enhance its role to reflect on issues and drive strategic decision-making, in 2023, the Board carried out an evaluation of its modus operandi and organisation, as it has done every year since 1996 (see subsection 2.3.5.).

BOARD OF DIRECTORS

8 meetings in 2023 – 96.1% attendance rate

MAIN WORK IN 2023

- **Corporate governance:**
  - Changes in the composition of the Board and Committees, preparation of draft resolutions on the renewal of terms of office;
  - Dialogue with shareholders, investors and proxy advisors;
  - Evaluation of the modus operandi of the Board and executive session.
- **Remuneration policy, Human Resources, gender balance within the management bodies:** discussion of the compensation policy for directors and corporate officers for 2023; determination of the compensation for directors and corporate officers for 2022 and evaluation of the performance of the Chief Executive Officer; determination of the performance share award plan of 12 October 2023 and decision to initiate a fourth worldwide employee shareholding plan; information and discussion on the Group's Human Resources policy, including the remuneration policy, diversity policy and the setting of targets for gender balance within strategic positions.
- **Business activity and results:** definition of the strategic orientations, taking into account social and environmental challenges; systematic review of the Group's results and analysis of changes in the cosmetics market; analysis of proposed acquisitions, including the decision to acquire Aēsop; decision on the proposed partial contribution of assets, particularly with a view to spinning off some operating activities to L'Oréal France and L'Oréal International Distribution (see paragraph 1.3.4).
- **Strategic themes reviewed in 2023:** CSR, Ethics Policy, Operations, Human Resources Policy, Digital (including AI), United States.
- **Strategic seminar held in June 2023:** Geopolitical/geostrategic outlook for the next 10 years, China and South-East Asia, the situation in emerging markets, challenges of the metaverse.

STRATEGY AND SUSTAINABILITY COMMITTEE	AUDIT COMMITTEE	NOMINATIONS AND GOVERNANCE COMMITTEE	HUMAN RESOURCES AND REMUNERATION COMMITTEE
5 meetings – 96.7% attendance rate	*5 meetings – 100% attendance rate*	*4 meetings – 93.7% attendance rate*	*4 meetings – 91.7% attendance rate*
2023 MAIN ACTIVITIES	**2023 MAIN ACTIVITIES**	**2023 MAIN ACTIVITIES**	**2023 MAIN ACTIVITIES**
• **Health and geopolitical situation:** situation in Russia/Ukraine • **Strategy:** – Analysis of sales, update on business activities, market trends and competition, analysis of the performance of the latest product launches. – Review of proposed acquisitions and partnership projects. – Review of the Group's strategic development prospects. • **Sustainability:** – Review of recent initiatives (L'Oréal for the Future programme), including the L'Oréal Climate Emergency Fund, the launch of the e-commerce environmental score for Garnier in France, refillable packaging initiatives and the digital sobriety plan. – Review of the plan to reduce carbon intensity in line with the SBTi "Net Zero" trajectory	• **Monitoring the process for preparation of financial information:** – Review of annual and interim results, analysis of operating income by Division and Zone. – Treasury and financing. – Review of Statutory Auditors' Reports. – Review of the Statutory Auditors' audit plan for 2023. • **Internal control, risks and compliance:** – Review of the internal control systems. – Monitoring Internal Audit activities, including CSR and cyber security. – Risk mapping. – Update on legal risks, review of product quality and safety risks. – Monitoring the business plan for acquisitions, goodwill and impairment. • **Monitoring the process for preparation of non-financial information and non-financial risks:** – Update on sustainability reporting regulations. – Appointment of sustainability auditors. – Financial management procedures for commitments under the L'Oréal for the Future programme.	• **Composition of the Board:** – Reflection on the composition of the Board and its Committees in the short and medium term, and definition of the profiles sought. – Reflection on the skills matrix for directors. • **Governance:** – Analysis of 2023 voting policies for investors and proxy advisors. – Review of the independence of Directors. – Review of the results of the Board's self-assessment. – Review of the executive session held in December 2022. – Values Committee: 2023 report. • **Succession plans and emergency plans:** annual review. • **Regulatory updates and knowledge of market practices and expectations:** – Review of "Say on Climate" resolutions in 2023. – Analysis of stakeholders' expectations regarding the profile of independent directors.	• **Remuneration of corporate officers:** – Analysis of the voting policies of investors and proxy advisors concerning remuneration. – Remuneration of corporate officers in 2022 and 2023: analysis of 2022 performance, setting objectives and weightings for 2023 for the Chief Executive Officer. – Recommendations on corporate officer remuneration policies for financial year 2024. – Say on Pay: draft resolutions. – Pay ratios. • **Remuneration of Directors:** Breakdown for 2023 and policy for 2024. • **Annual review of ongoing regulated agreements.** • **Human Resources policy:** Recruitment policy, senior employee policy, L'Oréal for All Generations programme, policy on diversity and equality in management bodies. • **Long-term incentives policy:** – Recording of performance relating to the ACAs Plan of 2019. – Preparation of the 2023 ACAs Plan. – Draft ACAs resolution for the 2024 AGM, including non-financial performance criteria.

1.1.3.3. Composition of the Executive Committee at 1 March 2024

The Executive Committee puts into practice the strategic orientations defined by the Board of Directors and directs L'Oréal's business activities all over the world. Its members head the Operational Divisions, the Support Divisions and the geographic zones, reflecting the complementarity of the Group's expertise.

Nicolas Hieronimus
Chief Executive Officer
Nationality: French
Age: 60

Barbara Lavernos
Deputy Chief Executive Officer, in charge of Research, Innovation and Technology
Nationality: French
Age: 55

Christophe Babule
Chief Financial Officer
Nationality: French
Age: 58

Ezgi Barcenas
Chief Corporate Responsibility Officer[1]
Nationalité : Cypriot/American
Âge : 39

Vincent Boinay
President North Asia Zone and Chief Executive Officer of L'Oréal China
Nationality: French
Age: 56

Cyril Chapuy
President – Luxe
Nationality: French
Age: 53

Myriam Cohen-Welgryn
President – Dermatological Beauty
Nationality: French
Age: 58

Vianney Derville
President – Europe Zone
Nationality: French
Age: 56

Asmita Dubey
Chief Digital and Marketing Officer
Nationality: Indian
Age: 50

Emmanuel Goulin
President – Travel Retail
Nationality: French
Age: 47

David Greenberg
President – North America & Chief Executive Officer L'Oréal USA
Nationality: American
Age: 61

Omar Hajeri
President – Professional Products
Nationality: French/Tunisian
Age: 47

Blanca Juti
Chief Corporate Affairs & Engagement Officer
Nationality: Finnish/Mexican
Age: 55

Jean-Claude Le Grand
Chief Human Relations Officer
Nationality: French/American
Age: 59

Fabrice Megarbane
Chief Global Growth Officer[2]
Nationality: French/Syrian
Age: 49

Alexis Perakis-Valat
President – Consumer Products
Nationality: French/Greek
Age: 52

Ersi Pirishi
President – Latin America Zone
Nationality: French/Cypriot
Age: 59

Vismay Sharma
President – South Asia Pacific, Middle East, North Africa Zones
Nationality: Indian
Age: 52

Antoine Vanlaeys
Chief Operations Officer
Nationality: French
Age: 55

(1) *Mrs Ezgi Barcenas joined the Group on 1 March 2024, succeeding to Mrs Alexandra Palt, as announced on 7 February 2024.*
(2) *On 1 February 2024, Mr Fabrice Megarbane succeeded Mr Frédéric Rozé as Chief Global Growth Officer, Mr Rozé having announced his intention to retire at the end of first quarter 2024.*

1.1.3.4. Ethics, at the heart of the Group's governance and commitments

L'Oréal has built up its business on the basis of strong ethical principles that guide its development and contribute to establishing its reputation: Integrity, Respect, Courage and Transparency. These principles underpin the Group's culture and business model and its compliance, responsible innovation, CSR, philanthropy, Human Rights, and diversity, equity and inclusion policies.

L'Oréal's commitments to act ethically and responsibly are set out in L'Oréal's Code of Ethics. This document, available in 30 languages and as an audiobook in French and English, is made available to all employees worldwide. Country Managers (or for Corporate or Zone staff, the members of the Executive Committee to whom they report) are responsible for ensuring compliance with the Code.

1.2. The essentiality of beauty: supporting the growth of the beauty market

1.2.1. The essentiality of beauty

The desire for beauty is a universal aspiration that transcends time, borders and cultures. Beyond appearances, beauty is a journey that shapes our identity, individually and collectively. From the dawn of humanity to the metaverse, no human culture has existed without cosmetics.

Beauty regimes are an integral part of personal care and also play a role in social interaction. Personal hygiene rituals are a part of our lives from birth until death. All the major stages of life, whether individual or collective celebrations such as birthdays, weddings, births and coming of age ceremonies, with the first shave or application of makeup, are all marked by beauty rituals. Beauty is more than an individual quest; it is a social balm. It connects us to ourselves and to others.

Beauty and health are intimately related. Nearly two billion people[(1)] suffer from skin problems. The beauty industry plays a key role in preventing skin conditions such as melanoma (saving $250 million a year in the US alone[(2)]), and in effectively treating other skin conditions such as acne and eczema, which can have a detrimental effect on well-being and mental health.

Beauty gives us a sense of belonging to a community: there are conventions in beauty, makeup and clothing. It is a means of integration, but also of expressing difference. Mastering the language of beauty is a social asset. Beauty plays an important role in self-affirmation and identity: it builds confidence and enhances well-being. It reflects societal changes: it has always accompanied transformation, whether in terms of hair length or attitudes to makeup. It defies norms and stereotypes.

For several years now, we have been living in the era of "social beauty", connected and shared, with the ubiquity of digital technology and social networks acting as a formidable accelerator for the beauty market. First, because the proliferation of tutorials and virtual trials is facilitating the adoption and correct use of beauty products. Furthermore, because buying products online has never been easier, the growth of e-commerce allows us to reach more consumers, well beyond the traditional retail sector. E-commerce now accounts for a quarter of beauty product sales worldwide, accelerated by the Covid-19 crisis. It will be the main distribution channel of the 21st century, and has immense potential for development in many countries.

Focused on consumers, L'Oréal acts responsibly throughout the value chain, driven by excellence and technology that enhances its innovation, production and logistics management capabilities. New solutions are being developed to respond specifically to the new challenges of personalisation expected by consumers, and of flexibility and traceability.

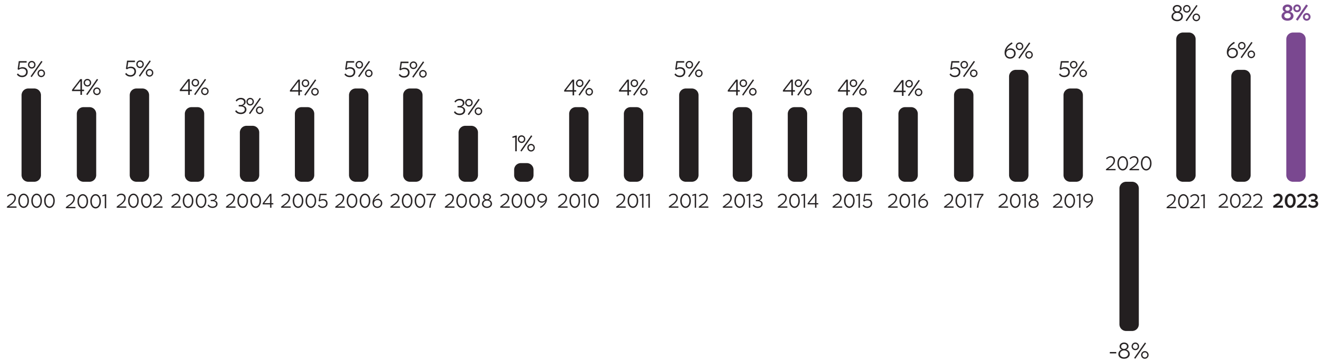
1.2.2. The beauty market, rapidly expanding in an ever turbulent macroeconomic environment

Important: *the competitive positions and market shares held by the Group's Divisions and brands mentioned in this Document are based on studies, panels and polls obtained from specialised organisations and companies, or, in the absence of comprehensive studies, are the result of estimates made by L'Oréal on the basis of available statistical data.*

The beauty market is set to continue growing, driven by the same economic, technological, demographic and sociological changes that have been taking place for several years, notably the rise of the middle and affluent classes[(3)], and in particular the incredible appetite for beauty among younger generations on the Asian continent.

(1) *British Journal of Dermatology (2015).*
(2) *National Center for Chronic Disease Prevention and Health Promotion (NCCDPHP) – Health and Economic Benefits of Skin Cancer Interventions.*
(3) *According to World Data Lab, 800 million people will join the ranks of the world's middle class by 2030.*

ESTIMATED VARIATION IN THE WORLDWIDE COSMETICS AND BEAUTY INDUSTRY FROM 2000 TO 2023[1]



The beauty market continues to distinguish itself as a dynamic sector, driven by constant innovation and sustained demand for high-quality, high-performing and meaningful products.

Worth more than €280 billion in 2023[1], the beauty market has proved resilient, adaptable and prosperous, despite the geopolitical and economic upheaval surrounding it.

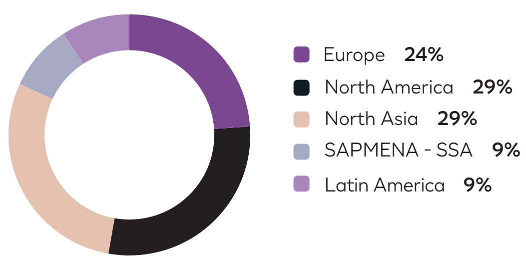
This industry benefits from many key growth drivers, including:

- the increasing global population and the emergence of middle classes[2];
- strong growth in the economies of emerging countries; and
- the quest for quality and continued premiumisation (expectation of products with high added value).

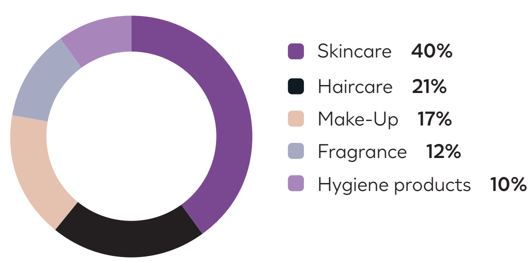
The cosmetics consumer always looks for quality and puts a premium on trends, new ideas, or leading-edge technology.

THE GLOBAL ESTIMATED COSMETICS MARKET IN 2023: > €280 BILLION[1]

BY GEOGRAPHIC ZONE



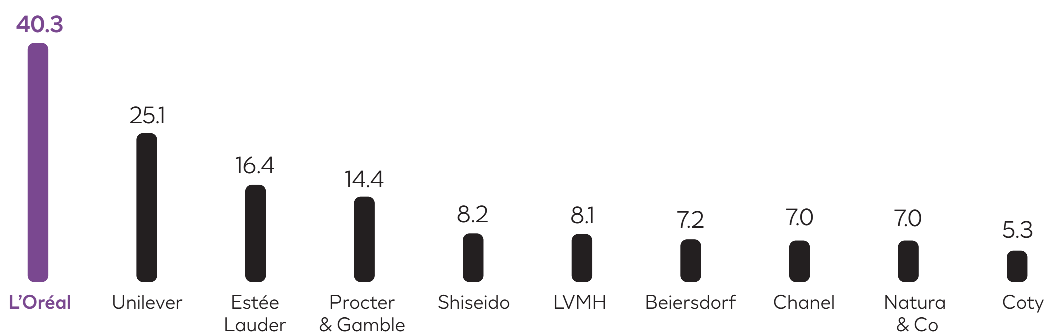
BY PRODUCT CATEGORY



The economic and geopolitical unrest that was present in 2022 continued throughout 2023. However, the beauty market remained strong, asserting resilience and adaptability in the face of external challenges. Despite a slowdown in North Asia, due to the reboot of Travel Retail as a result of a change in policy towards daigous[3], all other regions saw significant growth, particularly in the Europe, Latin America and SAPMENA-SSA zones, which stood out especially, recording double-digit growth.

THE MAIN WORLDWIDE PLAYERS

2022 sales in billions of US $. Companies are ranked by volume of sales of beauty products for the calendar year 2022. Estimated figures are given for companies whose financial year does not run from 1 January 2022 to 31 December 2022[4].



In 2022, the top 10 cosmetics companies generated aggregate sales of approximately $139 billion, or 59.8% of the total revenue of WWD Beauty's top 100.

(1) Source: L'Oréal estimates of the worldwide cosmetics market based on net manufacturer prices. Excluding soap, toothpaste, razors and blades. At constant exchange rates.
(2) According to World Data Lab, 800 million people will join the ranks of the world's middle class by 2030.
(3) Individuals or group of exporters who purchase products, particularly luxury goods, for Chinese customers.
(4) Source: Beauty's Top 100, WWD, April 2023.

1.3. L'Oréal, a value-creating model NFPS

1.3.1. Business model

THE BEAUTY INDUSTRY

Outlook and challenges

A resilient, growing market

Beauty is an essential need for humanity

Increasing demand from the middle classes in emerging countries

Premiumisation of beauty

Increasing digitalisation towards the provision of personalised, connected and shared beauty solutions

CSR challenges

Need for an ecological and inclusive transition in the context of limited natural resources and climate change

Consumer orientation towards more sustainable choices

Responsible marketing and advertising

Risks and opportunities *(see TCFD, 4.3.1.4.3.)*

OUR SENSE OF PURPOSE *(RAISON D'ÊTRE)*

Create the beauty

OUR STRENGTHS

No. 1 IN BEAUTY

Our sole business: beauty, nothing but beauty and all beauty

A unique portfolio of brands

A balanced, multi-polar model (Zones, Divisions, categories, distribution networks)

A global industrial footprint

Steady and sustainable economic and financial performance

Recognised social and environmental performance *(see 1.3.5.)*

Committed and qualified employees

Loyal shareholders and stable governance *(see 1.1.3.)*

Culture of ethics, based on four Principles: Integrity, Respect, Courage, Transparency

OUR STRATEGY

UNIVERSALISATION AND SINGULARISATION

Universalisation involves the globalisation of brands by taking regional characteristics into consideration in order to serve and retain 1.5 billion consumers.

Singularisation takes into account a growing global trend towards self-affirmation for both men and women by providing a diverse range of products and services and personalisation. The goal is to offer inclusive beauty by responding to the specific aspirations of consumers in every region of the world. In contrast to standardisation, it is based on careful attention to consumers and a deep respect for their differences.

BEAUTY FOR EACH

L'Oréal aims to offer women and men around the world the best in cosmetics in terms of quality, effectiveness, safety, sincerity and responsibility in order to meet all their needs and all their beauty wishes in their infinite diversity.

that moves the world

OUR STRATEGIC DRIVERS

6 DRIVERS

Research & Innovation and Green Sciences *(see 4.3.1.3.1. C)*

Creativity at the service of our brands

Operational and safety excellence

Digital and Beauty Tech

Multi-channel distribution

A sustainable CSR commitment *(see 1.4.2.)*

L'ORÉAL FOR THE FUTURE

TRANSFORMING OUR BUSINESS:
climate, water, biodiversity and resources.

EMPOWERING OUR ECOSYSTEM IN OUR TRANSFORMATION:
living wage, raising awareness among consumers and suppliers.

CONTRIBUTING TO GLOBAL CHALLENGES:
impact investing funds in favour of the circular economy and the regeneration of nature, a more inclusive society.

OUR DUAL OBJECTIVE

ECONOMIC AND CORPORATE EXCELLENCE

to create lasting value for all.

1.3.2. Value chain

VALUE CHAIN

Research, Innovation and Technology

- 610 patents filed in 2023
- €1,288 million: 2023 expenditure (3% of sales)
- 20 cosmetics research centres, 13 assessment centres, 1 advanced research centre
- 4,194 employees in the Research team
- AirLight Pro, winner of the CES Innovation Awards 2024

Design

- In 1989, end of animal testing for finished products
- Development of predictive method with the production of reconstructed skin

Sourcing

- 1,242 social audits were conducted in 2023
- €6.4 billion in production-related purchases
- 63% of the number of newly listed raw materials are renewable
- 25% of the number of newly listed raw materials sourced from green chemistry

Factories and logistics centres

- 37 factories worldwide
- In 2023, 100% of the Group's plants were ISO 9001 certified and 100% were ISO 22716 certified (see 1.3.8.)

ENVIRONMENTAL PERFORMANCE (See the 2023 L'Oréal for the Future table in 1.4.2)

BY 2030, 95% of our ingredients in formulas will be biobased, derived from abundant minerals or from circular processes

2023 RESULTS
65%

BY 2030, All Group products will be eco-designed(1)

2023 RESULTS
96%

BY 2030, 100% of our strategic suppliers' employees will be paid at least a living wage

2023 RESULTS
Reporting in progress

BY 2030, all our plants will use 100% recycled and reused water in their industrial processes

2023 RESULTS
14%

CREATING VALUE FOR OUR STAKEHOLDERS

Employees

- €7.7 billion in personnel costs (including social security contributions)
- 1st prize for gender equality in business (Equileap France)
- Profit sharing: €461 million
- Over 37,000 employee shareholders
- 94,605 employees at the end of 2023

Consumers

- Roll-out of an environmental and social labelling system for products, and efforts to unite the industry by being a founding member of the EcoBeautyScore Consortium
- A global quality management system to guarantee performance and quality for consumers (see 4.3.1.3.2. A/)

Shareholders

- Dividends distributed in 2023: €3.2 billion
- Market capitalisation at 31/12/2023: €241.0 billion
- Shareholder return over 5 years: 19.0% per year
- L'Oréal is part of the CAC 40 Index

Providers and suppliers of goods and services

- 95% of direct and indirect strategic suppliers were evaluated on the basis of their environmental and social performance

Digital and Marketing

- 37 international brands
- 77.5% of our media investments are digital
- 4th biggest advertiser worldwide, across all industries(2)
- Responsible communication commitment: Member of the Unstereotype Alliance
- L'Oréal's Influencer Value Charter
- All the Group's brands committed to Diversity, Equity and Inclusion

Distribution channels

- More than 7 billion products distributed
- 152 distribution centres
- End of 2023, elimination of single-use plastics from all distribution centres worldwide

Product use and end-of-life

- The 3 "R"s approach to the eco-design of packaging: Reduce packaging intensity; Replace with materials with a better environmental footprint; Recycle by creating packaging that will contribute to the circular economy

BY 2025,
100% of the advertising displays at our points of sale will be eco-designed(1)

2023 RESULTS
99%

BY 2030,
on average we will have halved the greenhouse gas emissions per finished product linked to the transport of our products compared to 2016

2023 RESULTS
-9.7%

BY 2030,
we will innovate to enable our consumers to reduce their greenhouse gas emissions resulting from the use of our products by 25% compared to 2016, on average and per finished product

2023 RESULTS
-21%

Government and local authorities

- In 2023, the amount of tax L'Oréal paid to governments and local authorities was €2.6 billion

Communities

- More than 4 million people benefited from the brands' social commitment programmes
- L'Oréal for Youth: 25,000 work opportunities per year for under-30s.
- L'Oréal Fund For Women (see 4.3.3.7.4.)

Ecosystem and environment

- 61% of the waste generated on our industrial sites is reused or recycled
- 65% reduction in absolute CO_2 emissions and 10% reduction in water withdrawal per unit of finished product vs 2019 (plants and power stations)
- Circular Innovation Fund, L'Oréal Fund for Nature Regeneration and L'Oréal Climate Emergency Fund (see 4.3.1.5.)

(1) *The term "eco-designed products" refers to new or updated products with an improved environmental profile. See subparagraph 4.3.1.3.1.*

(2) *COMvergence ranking.*

SUPPORTED BY FUNCTIONAL DIVISIONS
providing the essence of the Group's strength

ADMINISTRATION AND FINANCES (FINANCE & LEGAL)
Financial policy, investments, management, financial communication, M&A, consolidation, legal, tax and *data governance & analytics*

HUMAN RESOURCES
Recruitment, development and social innovation (includes social dialogue)

CORPORATE AFFAIRS AND ENGAGEMENT
Corporate communications, public affairs and coordination of brand communications

CORPORATE SOCIAL RESPONSIBILITY
Sustainable development with the L'Oréal for the Future programme, sponsorship and the L'Oréal Corporate Foundation

ETHICS, RISK AND COMPLIANCE
Code of Ethics available in 30 languages, and as an audiobook in French and English

Internal control and compliance

1.3.3. Significant dates in the Group's development

1909
- Founding of Société Française de Teintures Inoffensives pour Cheveux by Eugène Schueller

1928
- *Monsavon*

1929
- Imédia, the first rapid oxidative hair dye

1934
- *DOP*

1935
- Ambre Solaire, the first filtering sun protection oil

1953
- Cosmair becomes L'Oréal's agent in the United States

1960
- Launch of Elnett hairspray

1963
- Listing of L'Oréal on the Paris Stock Exchange

1964
- *Lancôme*

1965
- *Laboratoires Garnier*

1970
- *Biotherm*

1973
- *Gemey, entry into consumer make-up*

1979
- First epidermis model reconstructed by L'Oréal's Research department

1981
- Creation of Laboratoires dermatologiques Galderma

1988
- *Armani licence*

1989
- *La Roche-Posay*

1993
- *Redken 5th Avenue*

1994
- *Acquisition of US agent Cosmair*

1996
- *Maybelline*

1998-2000
- *Softsheen and Carson*

2000
- Creation of the Chinese subsidiary
- *Matrix and Kiehl's since 1851*

2003
- *Acquisition of majority control of Shu Uemura*

2004
- *Absorption of holding company Gesparal*

2006
- *The Body Shop*

2007
- Creation of the L'Oréal Corporate Foundation

2008
- *YSL Beauté*

2009
- L'Oréal celebrates its 100-year anniversary and has set a goal to attract one billion new consumers

2010
- *Essie Cosmetics*

2012
- *Urban Decay*

2013
- Announcement of the *Sharing Beauty with All* programme for 2020 and the *Share & Care* programme

2014
- L'Oréal/Nestlé Strategic Agreement
- *Magic Holdings and NYX Professional Makeup*
- Disposal of Galderma

2015
- *Niely Cosméticos*

2016
- *IT Cosmetics*

2017
- *CeraVe*
- Disposal of The Body Shop

2018
- *Modiface, Armani (licence renewal), Stylenanda, Pulp Riot, Valentino (licence), Thermes de la Roche-Posay*

2019
- *Prada licence*

2020
- Definition of the sense of purpose *(raison d'être)*: Create the beauty that moves the world.
- Announcement of the L'Oréal for the Future programme for 2030
- *Mugler and Azzaro fragrances*

2021
- *Takami Co and Youth To The People*
- L'Oréal announces a reorganisation of geographic zones
- Agreement between L'Oréal and Nestlé for the repurchase by L'Oréal of 4% of its own shares held by Nestlé

2022
- *Skinbetter Science in the United States*
- L'Oréal's 1st €3 billion bond including a tranche linked to sustainable development goals
- 3rd employee shareholding plan

2023
- *Aēsop and Lactobio*
- Creation of the L'Oréal Climate Emergency Fund
- 60 years of L'Oréal action

- *Acquisitions or licences*
- Important dates

1.3.4. A tailored, agile and responsive organisation

The Group's organisation responds to a dual challenge: pursuing the strategy which has enabled L'Oréal to be successful over the last 110 years and at the same time inventing the new L'Oréal of the future, perfectly matched to an ever-changing world.

From an organisational and managerial perspective, L'Oréal is strategically centralised and operationally decentralised with a strong entrepreneurial spirit. This unique model empowers its in-country teams and guarantees flexibility and excellence on the ground. This organisational structure is perfectly suited to the current environment, with Zones aligned more closely with consumers. During the 2020 crisis, it was a considerable asset in terms of putting in place measures that were tailored to the specific circumstances in each country.

The Group completed in 2021 the reorganisation of Zones it had announced in November 2020, aligning them more closely with consumers.

L'Oréal S.A.

L'Oréal S.A. is a French company, with its head office in France. It acts as a holding company and provides strategic coordination, particularly for brands, as well as research, innovation and technical coordination for the L'Oréal Group throughout the world. At the same time, it performed a sales activity until this activity was subsidiarised on 1 July 2023 to the companies L'Oréal France and L'Oréal International Distribution, as approved by the Annual General Meeting of 21 April 2023 in its 19th and 20th resolutions.

The subsidiaries operate the Group's business activities in the countries or region(s) in which they are located, on the domestic or the export markets. To do so, they define the development strategy specific to their market(s), make the most suitable choices in terms of consumer targets and distribution channels, and manufacture, directly or indirectly, and market the brands they decide to sell on their market(s).

Almost all of the subsidiaries are owned by L'Oréal S.A., which has a holding or control percentage equal or close to 100%[(1)]. The detailed list of these subsidiaries is set out in the notes to the consolidated and parent company financial statements.

Operational Divisions

The Group's business activities are organised into four Operational Divisions. In the markets, each of these Divisions develops and enhances its brand portfolio with consumers (see below).

By establishing the Group-wide Travel Retail governance subsidiary, the Group has given itself the resources to grow this influential segment using a global shopper strategy: a bespoke approach designed, at the destinations favoured by each nationality, to personalise the experience on the basis of the language, culture and beauty rituals of travellers.

Geographic zones

The Group's international development led L'Oréal, from 1 January 2021, to change its organisation to give more coherence to each Zone, particularly in terms of consumer behaviour and market maturity, in order to create the conditions for a cross-functional transformation of the organisation and maximise growth.

The geographic zones, each of which has operational responsibility for the subsidiaries in their market, are as follows:

- Europe Zone;
- North America Zone;
- North Asia Zone brings together mainland China, Hong Kong SAR, Taiwan region, Japan and South Korea;
- SAPMENA – SSA Zone incorporates South Asia, the Pacific, the Middle East, North Africa and Sub-Saharan Africa; and
- Latin America Zone.

Functional Divisions

Several specialist corporate departments provide their expertise and support to the Operational Divisions, to subsidiaries in their markets and to the other business activities (see subsection 1.3.2.).

(1) Furthermore, it should be noted, that pursuant to Article L. 232-1 of the French Commercial Code, L'Oréal S.A. has branches.

A global business focused on beauty

L'ORÉAL'S 4 DIVISIONS AND ITS MAJOR BRANDS

37 INTERNATIONAL BRANDS

PROFESSIONAL PRODUCTS

Offering professional beauty to all.

€4.7 billion	11.3%	21.6%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

L'ORÉAL PROFESSIONNEL PARIS · KÉRASTASE PARIS · REDKEN 5TH AVENUE NYC · matrix · PUREOLOGY

CONSUMER PRODUCTS

Democratising the best that the world of beauty has to offer.

€15.2 billion	36.8%	20.5%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

L'ORÉAL PARIS · GARNIER · MAYBELLINE NEW YORK · NYX PROFESSIONAL MAKEUP · 3CE STYLENANDA · essie · Mixa

LUXE

Creating the best in luxury beauty via breakthrough innovations, meaningful commitments and memorable experiences.

€14.9 billion	36.2%	22.3%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

LANCÔME · YvesSaintLaurent · ARMANI beauty · Kiehl's · HR · Aēsop. · BIOTHERM · VALENTINO · PRADA · shu uemura · IT COSMETICS · MUGLER · RALPH LAUREN · URBAN DECAY · AZZARO · Maison Margiela PARIS · VIKTOR&ROLF · TAKAMI · DIESEL · CARITA PARIS

DERMATOLOGICAL BEAUTY

Provide sustainable and life-changing dermatological solutions.

€6.4 billion	15.6%	26.0%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

LA ROCHE-POSAY LABORATOIRE DERMATOLOGIQUE · CeraVe · VICHY LABORATOIRES · SKINCEUTICALS ADVANCED PROFESSIONAL SKINCARE · skinbetter SCIENCE

(1) As a percentage of sales at 31/12/2023.

ALL PRODUCT CATEGORIES

- Skincare
- Make-up • Hair colourants
- Haircare • Perfumes
- Hygiene products

ALL DISTRIBUTION CHANNELS

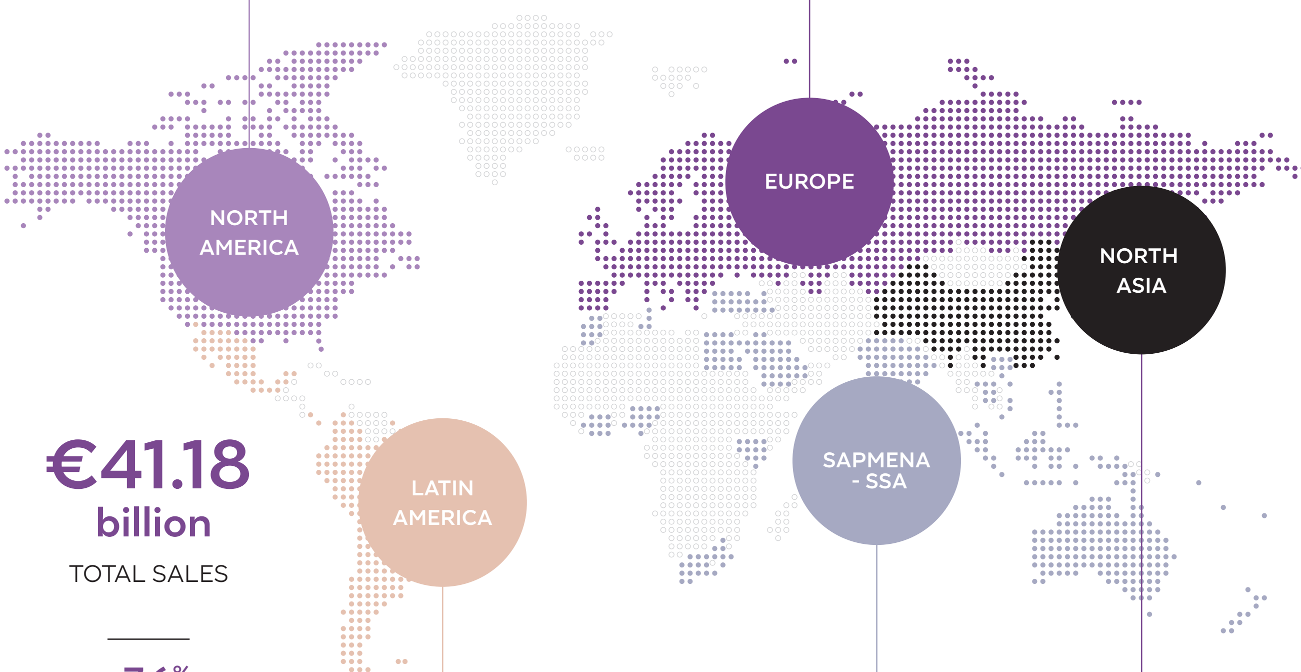
- Hair salons • Local stores in new markets
- E-commerce • Travel retail • Mass market retail
- Department store perfumeries • Pharmacies
- Drugstores • Medi-spas • Free-standing stores

THE 5 GEOGRAPHIC ZONES

3	2	150+ countries
Zones with sales of over €10 billion	Zones promising future growth	International presence

€11.15 billion
SALES
27.1% of Group sales
+9.7% growth in sales in 2023[1]

€13.01 billion
SALES
31.6% of Group sales
+13.7% growth in sales in 2023[1]



€41.18 billion
TOTAL SALES

+7.6% growth in sales in 2023[1]

€2.92 billion
SALES
7.1% of Group sales
+22.8% growth in sales in 2023[1]

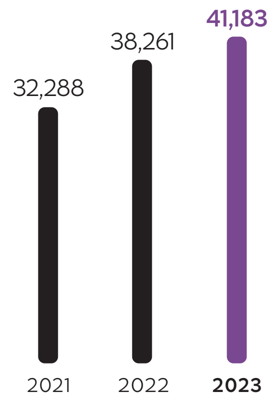
€3.45 billion
SALES
8.4% of Group sales
+16.4% growth in sales in 2023[1]

€10.66 billion
SALES
25.9% of Group sales
-5.8% growth in sales in 2023[1]

(1) *Reported figures.*

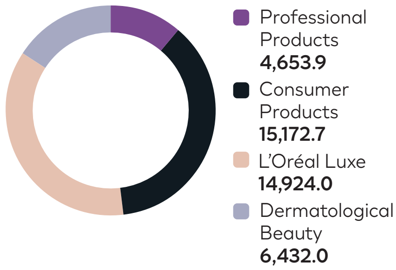
1.3.5. Key figures for 2023

CONSOLIDATED SALES
(€ millions)

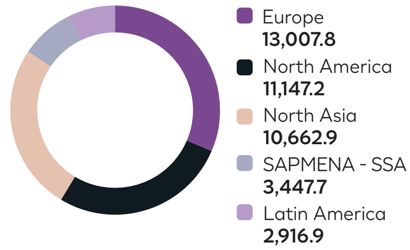


BREAKDOWN OF SALES
(€ millions)

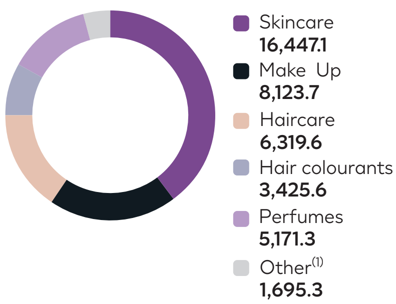
BY OPERATIONAL DIVISION



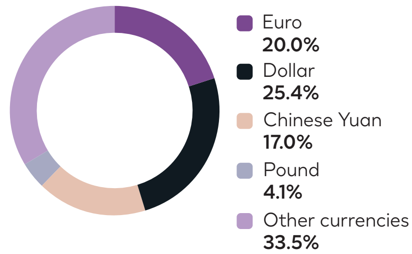
BY GEOGRAPHIC ZONE



BY BUSINESS SEGMENT

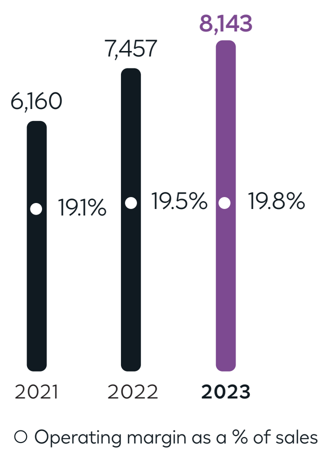


BY CURRENCY

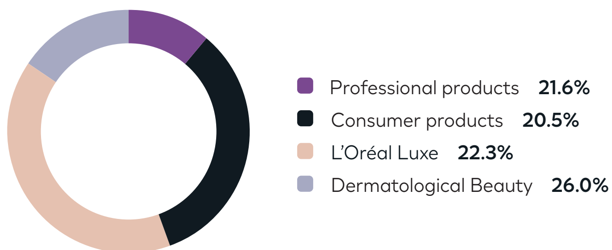


(1) "Other" includes hygiene products and sales made by American distributors with non-Group brands.

OPERATING PROFIT
(€ millions)

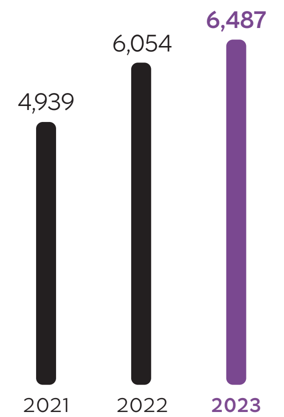


BREAKDOWN OF OPERATING PROFIT BY OPERATIONAL DIVISION



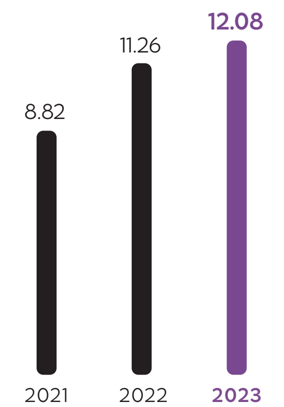
NET PROFIT EXCLUDING NON-RECURRING ITEMS[1] ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(€ millions)



EARNINGS PER SHARE[2]

(€)

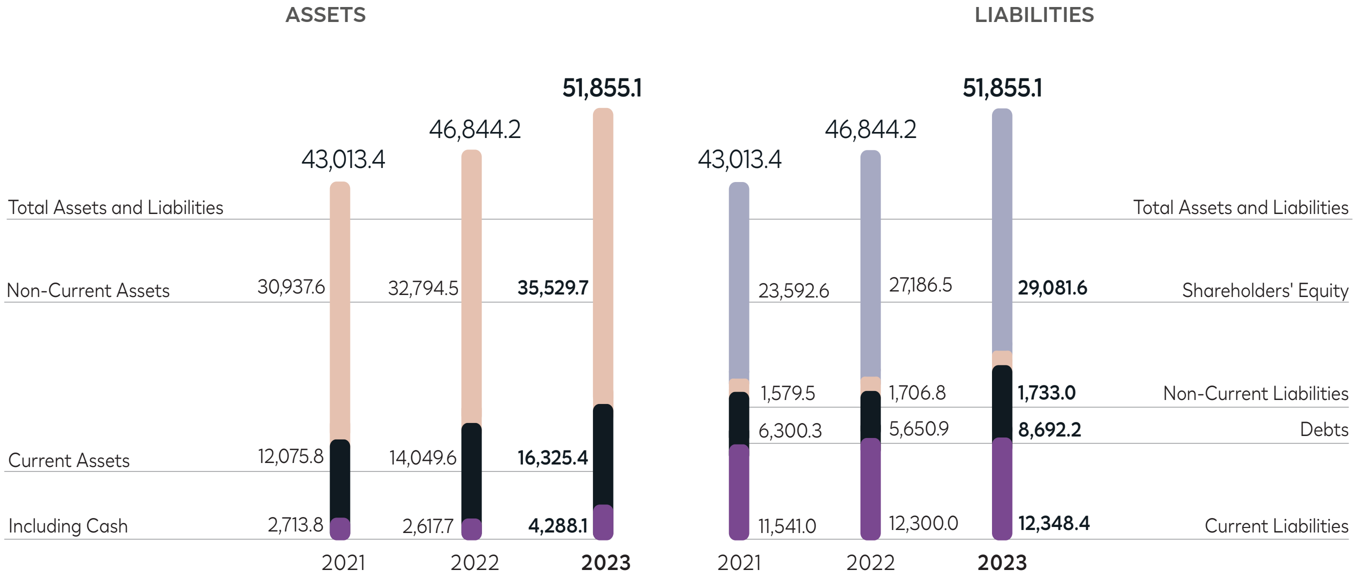


(1) *Non-recurring items primarily include capital gains or losses on disposals of long-term assets, impairment of assets, restructuring costs and clearly identified, non-recurring income and expense items that are material to the consolidated financial statements. See note 11.4 of the Consolidated financial statements.*

(2) *Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.*

A SOLID BALANCE SHEET

(€ millions)



NET DEBT

	31.12.2021	31.12.2022	31.12.2023
Net cash position = Net cash and cash equivalents or net debt (€ millions)[1]	-3,586.4[2]	-3,033.2[2]	-4,404.0[2]
Net debt ratio (Net financial position/Equity)	15.2%	11.2%	15.1%

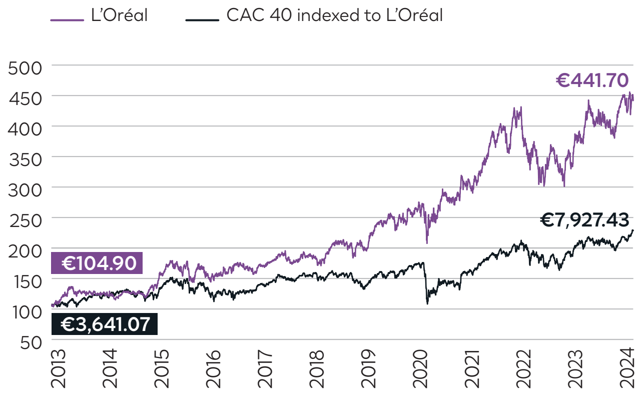
(1) *Net cash or net debt = cash and cash equivalents – current and non-current liabilities.*

(2) *Including IFRS 16 lease debt for €2,035.9 million in 2019, €1,681.6 million in 2020, €1,670.3 million in 2021, €1,620.5 million in 2022 and €1,854 million in 2023.*

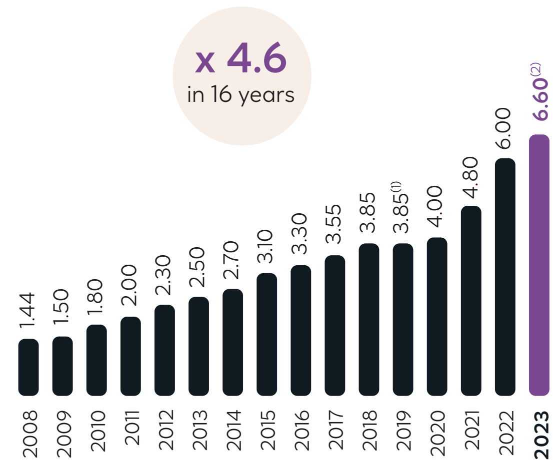
SHORT-TERM AND LONG-TERM RATINGS

	Short-term rating	Long-term rating
S&P Global	**A1+** SEPTEMBER 2023	**AA** SEPTEMBER 2023
Moody's	**PRIME – 1** MARCH 2022	**AA1** MARCH 2022

VARIATION IN THE L'ORÉAL SHARE PRICE COMPARED TO THE CAC 40 INDEX
(from 27 February 2013 to 28 February 2024)



STEADY INCREASE IN DIVIDEND PER SHARE
(€)



(1) *The L'Oréal Board of Directors met on 12 May 2020 and, in the exceptional context of the Covid-19 health crisis, decided to abandon the planned 10.4% dividend increase and to propose a dividend of €3.85 to the Annual General Meeting, identical to the amount paid in 2019.*
(2) *Dividend proposed to the Annual General Meeting of 23 April 2024.*

5-YEAR EVOLUTION OF A PORTFOLIO OF APPROXIMATELY €15,000 INVESTED IN L'ORÉAL SHARES WITH REINVESTMENT OF DIVIDENDS

Date of transaction	Nature of transaction	Investing activities (€)	Income (€)	Number of shares after the transaction
31.12.2018	Purchase of 75 shares at €201.20	15,090.0		75
30.04.2019	Dividend: €3.85 per share		288.75	75
	Reinvestment: purchase of 2 shares at €245.10	490.20		77
07.07.2020	Dividend: €3.85 per share		296.45	77
	Reinvestment: purchase of 2 shares at €288.30	576.60		79
29.04.2021	Dividend: €4.00 per share		316.00	79
	Reinvestment: purchase of 1 shares at €343.10	343.10		80
29.04.2022	Dividend: €4.80 per share		384.00	80
	Reinvestment: purchase of 2 shares at €348.90	697.80		82
28.04.2023	Dividend: €6.00 per share		492.00	82
29.12.2023	Reinvestment: purchase of 2 shares at €432.75	865.50		84
TOTAL		**18063.20**	**1,777.20**	
TOTAL NET INVESTMENT		**16,286.00**		

Portfolio value at 31 December 2023 (84 shares at €450.65, price at 29 December 2023[1]): €37,855.

The initial share capital has thus been multiplied by 2.5 over 5 years (5-year inflation rate = 12.12% – Source: INSEE) and the final share capital is 2.3 times the total net investment.

The Total Shareholder Return of the investment is thus 19% per year (assuming that the shares are sold on 31 December 2023, excluding tax on capital gains).

NOTE: Any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

(1) *The last trading day of 2023 is Friday, 29 December 2023.*

L'ORÉAL RECOGNISED FOR ITS NON-FINANCIAL PERFORMANCE

CDP: AAA RATING

Securing a AAA rating for the eighth consecutive year consolidates the L'Oréal Group's leadership position. Recognition by CDP (a not-for-profit organisation that encourages companies to publish their environmental data) is a testament to L'Oréal's strong sustainability performance in relation to its effort to address climate change, protect forests and ensure water security.

Website: www.cdp.net

S&P GLOBAL RATINGS: SCORE OF 85/100

During the rating agency S&P Global's ESG Evaluation this year, the Group achieved a score of 85/100. This evaluation assesses a company's ability to prepare for future risks and opportunities in terms of sustainability. According to the agency, the Group's score reflects the fact that "L'Oréal will continue to deliver strong environmental, social and governance (ESG) performance via its global sustainability strategy".

Website: www.spglobal.com

ECOVADIS: SCORE OF 83/100 – PLATINUM MEDAL

The Group was awarded a Platinum medal for the second year in a row when it was evaluated by the rating agency EcoVadis. This award puts it in the top 1% of companies evaluated by the non-financial rating agency. The assessment considers four broad pillars: Ethics, the Environment, Social and Human Rights, and Responsible Purchasing.

Website: ecovadis.com

ETHISPHERE: HONOURABLE MENTION

In 2023, L'Oréal was recognised for the 14th time as one of the world's most ethical companies. The Ethisphere Institute's ranking recognises the companies with the most advanced business ethics practices.

Website: ethisphere.com

BLOOMBERG GENDER-EQUALITY INDEX: INCLUSION ON THE INDEX

L'Oréal was included in the Bloomberg Gender-Equality Index for the sixth consecutive time. This again confirms that L'Oréal is one of the most advanced companies when it comes to equality. This year, the index features 484 companies across 54 industries with registered offices in 45 countries and regions of the world.

Website: www.bloomberg.com/company/

UNIVERSUM: TOP 10

L'Oréal is eighth in the worldwide ranking of most attractive employers to future business school graduates. This makes the Group the highest-ranked European Union company.

Website: universumglobal.com

1.3.6. Ongoing transformation to meet new aspirations

With €41.18 billion in net sales and more than 94,600 employees in 2023, L'Oréal is the worldwide leader in beauty.

Because the beauty market is a growing market with a focus on the future, the Group is, now more than ever, in a position to seize all opportunities, strengthen its leadership and ensure tomorrow's success. Building on a long-term vision, with a clear strategy, L'Oréal continues its development by relying on its fundamental assets and transforming itself to respond to the new aspirations of consumers, employees and society, to become the company of the future.

Transition towards a more sustainable operating model

Through its L'Oréal for the Future programme, L'Oréal has set itself a number of ambitious targets in its efforts to combat climate change: in terms of reducing its CO_2 emissions to reach 100% renewable energy[1] for its operated sites, in terms of the use and recycling of water in its industrial processes and in terms of its product design (formulation and packaging) through bio-sourcing and the circular economy.

On the social front, L'Oréal works to make sure that its strategic suppliers pay their administrative staff a decent living wage and adopts policies to help people from disadvantaged communities to access employment. The Group has also committed, on the one hand, to supporting women in vulnerable situations with a charitable endowment fund of €50 million, and secondly, to investing €100 million in two investment funds dedicated to the circular economy and the regeneration of ecosystems, as well as €15 million via the L'Oréal Climate Emergency Fund to increase the resilience of vulnerable communities in the face of climate disasters. In 2022, L'Oréal co-founded the EcoBeautyScore Consortium, with more than fifty players from the beauty sector, to set up a scheme to indicate the environmental impact of cosmetic products so that consumers can make more sustainable choices.

Transformation of our formulation towards Green Sciences, to combine performance, safety and sustainability

The transformation of our formulations towards the Green Sciences is at the heart of the beauty of the future. This new frontier of research, which combines biotechnology with new agronomic and cultivation techniques, is making it possible for L'Oréal to expand its portfolio of raw materials and to develop ingredients with a favourable environmental profile to break free from petrochemicals. This programme aims to minimise the environmental impacts associated with the cultivation of the plants these ingredients are sourced from, so as to rely on eco-friendly transformation procedures. This transition will provide consumers with performance, safety and sustainability, and L'Oréal with a new competitive advantage. These aspects are set out in subsection 1.3.7.

Transformation to Beauty Tech to invent the beauty of the future

Technology is the future of beauty because of the phenomenal breakthroughs in artificial intelligence, robotics, the Internet of Things, 3D printing, nanotechnology, biotechnology etc., which make it possible to expand L'Oréal's offering, satisfy all consumer expectations and offer an experience that goes beyond products.

L'Oréal, which is already a digital-first company, decided to be the pioneer, champion and leader of Beauty Tech in all its areas of application. By building up state-of-the-art, secure IT, its leadership in Beauty Tech and its expertise in artificial intelligence and data will enable L'Oréal to be a data-driven company for all its activities and functions. The ongoing transformation of Operations towards greater agility is integral to the Group's ambition to become a world leader in Beauty Tech.

Digital technology is fully integrated in the business, in all brands, jobs and countries. It is based on a solid network of over 5,900 digital experts, almost 67,500 trained employees and a wealth of in-house know-how. Digital has boosted L'Oréal's strengths tenfold and represents a booster of opportunities and growth. It enhances the power of brands and products, enriches the connection with consumers and creates experiences, new services and personalisation.

E-commerce is an additional source of business, and a growth accelerator because it means we can reach new consumers wherever there is no existing distribution network. The proportion of the Group's sales represented by e-commerce multiplied by nearly six between 2015 and 2023 (5% to 27%[2]), with growth in all Zones and Divisions. L'Oréal aims to increase its e-commerce business to reach up to 50% of its sales. This means strengthening its industrial flexibility, adapting its supply chain in an "omnichannel" approach and redesigning the downstream value chain immediately.

Beauty Tech will ensure that beauty for all evolves into beauty for each. To achieve this, L'Oréal has a unique strength: being the only company that can combine more than 110 years of scientific beauty expertise and knowledge of our consumers with cutting-edge digital excellence.

Transformation of work: reinventing the "future of work" while strengthening the L'Oréal culture

All across the globe, the working world has undergone profound changes as a result of the Covid-19 health crisis, particularly with remote working becoming more widespread, a phenomenon that employees now want in their everyday lives, as well as a key factor in the appeal of an employer. In this new "hybrid" working environment, L'Oréal has opted for balanced and flexible solutions between on-site and remote working to preserve and promote opportunities for exchange, cooperation and creativity. Since 2016, L'Oréal has rolled out the *Simplicity* programme, renewed in early 2023 (*Simplicity 2*), the aim of which is to transform ways of working to meet new expectations on the part of employees (fulfilment, dialogue, cross-functionality) while adapting to the performance requirements of a constantly changing world and also enabling them to devote time to what matters most.

(1) On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. Environmental data.

(2) Net sales achieved on our brands' websites and with e-commerce pure players + estimated net sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

Furthermore, in a context of accelerated digitalisation of consumption, production, distribution and communication methods, the Group anticipated the global impact these transformations will have on its structure by continuing to develop its employees' skills in these areas, as well as by recruiting new expertise, particularly in the field of technology. Thanks to its various actions, L'Oréal is eighth in the worldwide ranking of most attractive employers to future business school graduates[1]. This makes the Group the highest-ranked European Union company.

Ongoing structural transformation to rationalise and identify synergies

In spring 2020, L'Oréal launched an initiative entitled NEXT to simplify its structures with a view to a post-Covid world. This work involves simplifying the organisation by creating five internal shared service centres and seven geographic areas, reviewing the brand portfolio of each Division on an annual basis, and finally, simplifying the number of products in each brand's catalogue to reduce complex manufacturing and research.

1.3.7. The mission of the Research department: responsible, inclusive innovation, in absolute safety

The cosmetics market is driven by supply and innovation. L'Oréal's success is fed by its permanent obsession for innovation, which feeds into its performance in all its forms.

With nearly 4,200 researchers and spending of approximately 3% of sales, L'Oréal has the top R&I force in the cosmetics industry. This is a considerable asset, with a level of expertise and a wealth of unique scientific and technical data. The performance, security and absolute safety of ingredients, the superior quality of the products and the sincerity of their claims are the fundamentals that inspire the Group's laboratory teams every day.

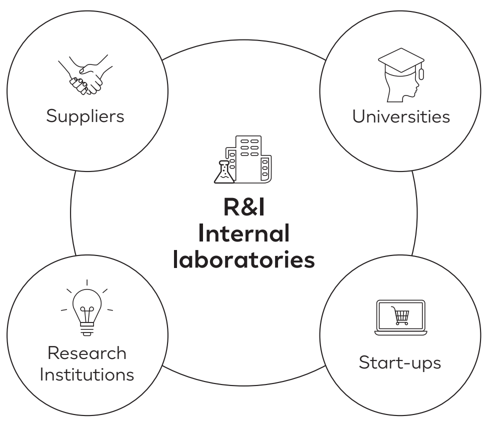
From upstream to downstream

Advanced Research teams create, develop and source raw materials, drawing on the knowledge of skin and hair from around the world. The Application Domains teams develop formula architectures that improve the performance of active ingredients. The Development Laboratories create innovative formulas with a proven superiority for each brand. This innovation model is nurtured by a constant dialogue between the laboratories and marketing to respond to the expectations of consumers, supporting them with the latest scientific and technological breakthroughs.

Research facilities around the world

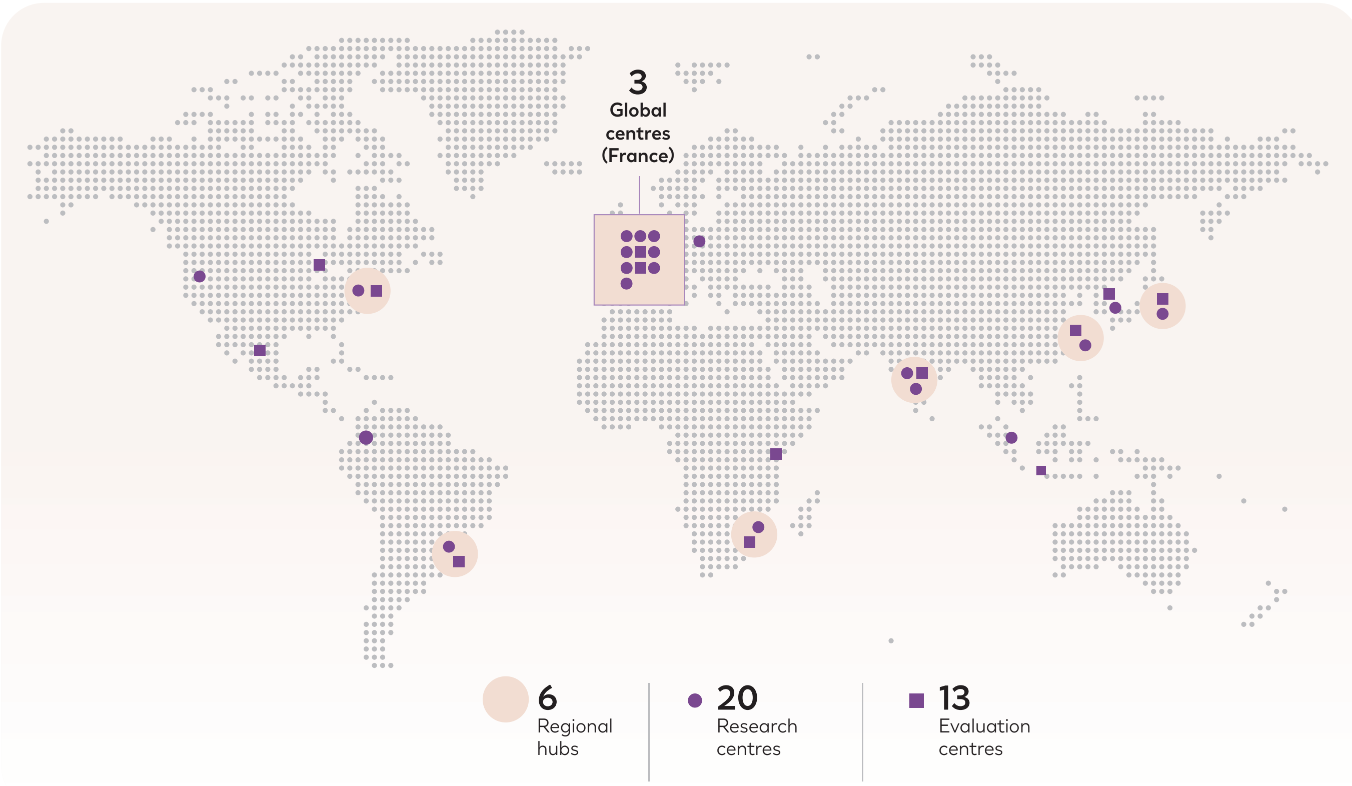
In order to adapt to consumer expectations worldwide, L'Oréal's Research teams work in 20 cosmetics research centres and 13 assessment centres. The research centres are grouped into three global centres in France and 6 regional hubs[2] that identify consumer needs and study their beauty regimes. R&I teams build on this rich seam of local scientific ecosystems to develop collaboration agreements and partnerships of excellence. The data generated enables researchers to develop new beauty products or experiences, that are in tune with market needs and local expectations.

R&I: A VAST ECOSYSTEM OPEN TO THE WORLD



(1) Universum ranking.
(2) Global centres in France: Advanced Research, Haircare and Cosmetics. Regional hubs: Japan, US, China, India, South Africa and Brazil.

Group laboratories established around the world



	Research and Innovation expenses *(€ millions)*	Research headcount	Number of patents filed
2021	1,029	4,054	517
2022	1,139	4,222	561
2023	**1,288**	**4,194**	**610**

Research: the transition to Green Sciences and Biology is picking up speed

The scientific revolution of Green Sciences

Green Sciences cover all the scientific fields on which R&I relies to achieve L'Oréal's objectives in terms of the preservation of natural resources and biodiversity. They have completely revolutionised the way we understand and do science, which focuses on three areas:

- sustainable cultivation to reinvent the way in which the Group grows its raw materials. By applying these responsible agricultural techniques, L'Oréal hopes to preserve water resources, contribute to soil health and strengthen biodiversity while limiting greenhouse gas emissions and respecting populations and their ecosystems;
- green transformation such as biotechnology, Green Extraction and Green Chemistry, to extract and transform raw materials to obtain the ingredients required for formulations; and
- formulation sciences, which, by combining ingredients from Green Sciences, enable us to offer responsible and sustainable products to consumers, while complying with our safety and performance requirements.

"Sustainable" partnerships

The R&I teams worldwide are bringing about a new scientific revolution in cosmetics, based on the principle of combining science, nature and technology.

L'Oréal is increasing the scientific and technological expertise of its 4,000 researchers by developing an ecosystem at the cutting edge of biotechnology. Biotechnology makes it possible to cultivate microorganisms or plant cells to obtain more sustainable ingredients and to create new materials and innovative solutions derived from nature. This openness to research has led to the creation of a unique and varied ecosystem with select partners:

- US start-up Debut's advanced biomanufacturing platform is based on a cell-free approach and aims to bypass the limitations of traditional fermentation and directly control biological processes for the manufacture of complex natural products;

- Future Origins, another US biotech company, specialises in developing sustainable alternatives to key ingredients for beauty products, thereby accelerating the materials transition;
- Shinehigh Innovation, a Chinese start-up specialising in cutting-edge supramolecular chemistry, creates combinations of ingredients that were previously impossible, resulting in finished products that are even more effective and longer-lasting; and
- French start-up Algentech transforms plant cells into "green factories" dedicated to the production of biobased ingredients. It is the first start-up to have been selected by "L'Oréal Green Sciences Incubator @Genopole" at the French biotech cluster Genopole.

Innovation at the heart of the business model

AirLight Pro, a revolutionary hair dryer that is kind to hair and the planet

L'Oréal partnered with Zuvi, a start-up established by renowned scientists and engineers, to develop and manufacture a next-generation hair dryer that breaks new ground by caring for the planet as well as hair. AirLight Pro uses a combination of infrared-light technology and wind. This makes hair visibly smoother and more hydrated, while also drying more quickly thanks to optimised heat flow, saving a considerable amount of energy. L'Oréal Professionnel will launch AirLight Pro in 2024 on select markets, including the United States and Europe, targeting beauty professionals and consumers alike. This technology received a CES 2024 Innovation Award[(1)].

The Melasyl revolution: innovating to treat localised skin hyperpigmentation

Pigmentation disorders affect a large proportion of the world's population, whatever their natural skin colour. L'Oréal has been studying pigmentation for over 35 years: numerous studies have been carried out in vitro and then in vivo in humans to assess the effectiveness of different active ingredients: more than 120 clinical trials have been carried out over 35 years in 13 countries/five continents, involving more than 12,000 participants. In addition, in a recent AI-powered study, our researchers characterised skin ageing in more than 600,000 women of European and Asian origin, showing differences in the appearance of localised hyperpigmentation with age.

This extensive expertise in skin pigmentation in all its diversity has enabled L'Oréal to develop Melasyl, a new patented cosmetic active ingredient capable of regulating hyperpigmentation disorders and dyschromia and promoting a more even complexion. It is the first molecule to act on localised excesses of melanin by capturing its precursors, molecules with little colour, before they are transformed into eumelanin or pheomelanin, highly coloured pigments liable to accumulate excessively in the skin.

L'Oréal acquires precision probiotics leader Lactobio to consolidate its microbiome market leadership

The acquisition of Copenhagen-based Lactobio, a company at the forefront of probiotics and microbiome research, builds on 20 years of advanced research into the microbiome and will give L'Oréal an even greater understanding of these microorganisms that live on the surface of the skin. L'Oréal's microbiome expertise, together with Lactobio's significant IP portfolio, will enable the development of a new generation of safe, effective, market-leading cosmetics using live bacteria.

Inclusivity at each stage of L'Oréal's innovation model

Enhancing the inclusivity of beauty experiences with a more thorough knowledge of consumers in their infinite diversity

L'Oréal aims to offer the best in beauty for all skin and hair types, all genders, all identities, cultures, age groups, beauty regimes and all lifestyles. Research places learning about skin and hair from around the world at the heart of its innovation strategy, so as to better understand consumers in their infinite diversity.

In this way, we can identify the technical and emotional drivers connected with the expectations and specific needs of each consumer, better anticipate the technological and digital issues of the beauty of the future and evaluate the effectiveness of beauty routines in the most appropriate and inclusive way possible.

The largest ever study of women's hair and skin

"*My Skin & Hair Journey*"[(2)] is the name of the multi-year study launched by L'Oréal and Verily, a worldwide leader in precision healthcare technology. Researchers will get a better understanding of the biological, clinical and environmental factors that contribute to skin and hair health over time. This unprecedented study is part of the Group's research into longevity and the exposome. It is being carried out on several thousand American women (aged 18 to 70) from a wide range of ethnic and social backgrounds, and with different skin and hair types. By collecting the first ever data on skincare and haircare perceptions and experiences, the study will shine a light on how lifestyle, the environment, well-being and routines can affect everyone's beauty.

The information gleaned from this survey will give L'Oréal the chance to create and provide ultra-personalised skincare and healthcare products and services.

(1) Consumer Electronics Show in Las Vegas, as announced by L'Oréal on 9 January 2024. At CES 2023, L'Oréal also received six awards for its inclusive and personalised beauty innovations. This specifically included HAPTA, the first smart make-up applicator designed for people with reduced mobility in their arms and hands, which was also named one of the best inventions of 2023 by TIME magazine, in the accessibility category.

(2) "My Skin & Hair Journey". 100,000 surveys, 148,000 pictures, including 100,000 selfies.

Research with commitment, in full transparency

Cosmetics without animal testing

In the 1980s, Group committed to developing alternatives to animal testing to assess the safety of its ingredients and its products. Today, none of the Group's products or ingredients are tested on animals by L'Oréal. L'Oréal definitively stopped the safety testing of its products on animals in 1989. The Group believes that there are other effective ways of ensuring that cosmetic products are safe. Over 40 years ago, L'Oréal was the first company to develop reconstructed skin, which is a more accurate way to test the effects of ingredients and cosmetic products on human skin than any other method; this is currently the case in the laboratories of L'Oréal's subsidiary, Episkin, in France, China and Brazil. It is available to governments, organisations and other companies so they do not have to resort to animal testing.

L'Oréal contributed to the approval of dozens of alternative methods of testing the safety of its products and has also been active in advocating for alternative methods in China. L'Oréal has been working with the Chinese authorities for over 10 years on introducing methods that are free from animal testing for all cosmetic products. Over the last few years, China abolished the requirement to carry out animal testing that applies to most cosmetics sold in the country. Since 2014, the Chinese authorities no longer test non-functional cosmetics (such as shampoo or make-up) that are manufactured locally. Since 2021, these same cosmetics imported into China no longer need to be tested on animals, subject to a certificate of compliance with manufacturing best practices.

L'Oréal is committed to cosmetics free from animal testing, by supporting scientific programmes to develop new alternative methods. This commitment is reflected, for example, in international collaboration and educational programmes to promote acceptance of these methods by the authorities:

- in February 2023, L'Oréal co-founded the ICCS[1], a not-for-profit organisation with 40 members to promote cosmetics safety assessment without animal testing, through research, education and regulatory engagement;
- in March 2023, L'Oréal and the AFSA Collaboration[2] worked together on Master Classes dedicated to non-animal testing methods. This free online learning programme is designed to help a range of players gain a better understanding of predictive approaches without animal testing;
- in June 2023, L'Oréal established a partnership with UC Berkeley's Bakar Labs, offering start-ups in this ecosystem access to its exclusive skintech platform. L'Oréal is offering access to its unique 3D reconstructed skin models, an innovative tool for assessing the safety and efficacy of products, without the need for animal testing; and
- in August 2023, L'Oréal R&I and Episkin took part in the 12th World Congress on Alternatives and Animal Use in the Life Sciences to present their commitments and progress. L'Oréal R&I has supported this congress since 2005, promoting science for cosmetics without animal testing.

Transparency: a key challenge in recent years and for the future

L'Oréal continues to strengthen its commitment to transparency in order to meet growing consumer demand for information about the composition of products. Launched in 2019, the "Inside our Products" website is available in 45 countries and in eight languages, and references more than 1,300 ingredients. This content is gradually being added to the websites of the Group's major brands. At the same time, the expansion of the *Product Impact Labelling* (PIL) system provides consumers with information on the environmental impact of certain products (see subparagraph 4.3.1.3.2 B/). The latest transparency initiative is the *InFragrance* scheme: based on an analysis of 20,000 perfume formulas and thanks to the collaboration of our main fragrance suppliers (Firmenich, Givaudan, IFF and Mane), this approach allows consumers to understand the natural or synthetic origin of ingredients, their olfactory properties and the way in which they are combined to create the fragrance of products. As a responsible leader in the beauty industry, L'Oréal would like this model to be open to other players in the sector, both manufacturers and retailers, so as to provide more transparency to consumers.

1.3.8. The Operations team: a key driver of the Group's growth

L'Oréal's Operations Division creates innovative, inclusive and sustainable beauty in collaboration with its partners. They harness the power of technology and strive for excellence to design, develop, supply, produce and distribute products and services worldwide. Consumers are at the heart of the decisions made by the Operations Division, which seeks the most agile and effective solutions, and guarantees compliance with strict standards of quality, safety and CSR worldwide.

Expertise and responsiveness to drive growth

Building on years of operational excellence, the expertise and commitment of the Operations teams have boosted the Group's growth. In a challenging global context, they have demonstrated their responsiveness and resilience, while pursuing their digital, sustainable and innovative transformation. L'Oréal's industrial activities are at the cutting edge of technology, Industry 4.0, which contributes to greater agility throughout the value chain to meet market challenges.

Thanks to science and technology, the Operations Division can be innovative and is able provide a specific response to the new challenges expected by consumer for personalisation, agility and traceability, on the one hand, and to the employee experience on the other, such as simplification, ergonomics and real-time access to information.

(1) *International Collaboration on Cosmetics Safety.*
(2) *Animal-Free Safety Assessment Collaboration.*

Product quality and safety: a priority

Offering consumers the highest quality product is an absolute priority. Over several decades, L'Oréal has set up a single, global and structured quality and safety management system that applies to all its plants and subsidiaries worldwide. Detailed information is provided in subparagraph 4.3.1.3.2. A/.

This unique system guarantees manufacturing excellence and the products' quality with the same high standards applicable everywhere in the world. The ongoing quality improvement process has been effective as seen in the low rate of consumer complaints in 2023: 69 complaints per million products sold[1].

Employee safety is central to the L'Oréal model: in 2023, the Safety Management System, which applies to the Group's teams and all administrative sites, laboratories, plants, distribution centres and shops, was again recognised by RoSPA[2].

At the centre of design and development is innovation in responsible packaging

Thanks to the science of materials and design, consumer experience and product performance, packaging is a key differentiating factor for the product and therefore of its perceived value creation for the consumer. The L'Oréal teams, distributed over five Packaging Hubs around the world, specialise in design, consumer experience, innovation and product development. They rely on the expertise of laboratories dedicated to materials and packaging to create cutting-edge innovations worldwide. L'Oréal filed 55 patents for packaging in 2023.

Since 2007, L'Oréal has adopted an eco-design process for its packaging. This approach is based on three key drivers (the "3 Rs"): Reduce packaging volumes and therefore resource use; Replace materials and processes with others that have a better environmental footprint (renewable, post-consumer recycled, lower carbon impact processes); and Recycle by creating packaging that contributes to the circular economy.

By 2030,
100%
of plastics used in the packaging of L'Oréal products will be recycled or biobased.

By 2030,
L'Oréal will reduce by
20%
the intensity of the packaging quantity used for its products compared to 2019.

At the end of 2023,
96%
of new or updated products have an improved environmental profile*.

In 2023,
85%
of the PET plastic used came from recycled sources.

* *Basis of calculation representing 69% of all projects, excluding items considered to be irrelevant, such as ad hoc animation and promotion products and regulatory compliance leading to changes that are not visible to consumers.*

L'Oréal's strategy for participating in the circular economy received acclaim in 2023, with the Solar Impulse Foundation[3] recognising L'Oréal's adoption from 2021 of the ground-breaking innovation from Carbios, which has led to the creation of the first cosmetic bottle made entirely from enzymatically recycled plastic.

Detailed information is provided in subparagraph 4.3.1.1.6.

A purchasing programme that combines economic, environmental and social value

To accompany the Group's growth, the Purchasing Department selects the most economically, environmentally and socially effective suppliers in accordance with the *L'Oréal Buy & Care responsible purchasing policy*. Supplier performance is monitored thanks to precise indicators relating to social, environmental and ethical criteria and through their ability to innovate and to meet the Group's requirements in terms of quality, agility, service and competitiveness.

L'Oréal builds solid relationships with its suppliers to ensure its responsible sourcing and to guarantee the flexibility, reliability and traceability of its supply streams. In a climate of tension and volatility, these long-term supplier relationships play a key role in the Group's ability to secure the volume and price of its raw materials supplies. 1,242 audits were carried out in 2023, meaning 4,891 since 2020.

From 2010, L'Oréal chose to engage with suppliers that have an inclusive solidarity model in order to provide access to employment for people from economically or socially disadvantaged communities, such as people with a disability, the long-term unemployed or fair-trade suppliers (see paragraph 4.3.3.6.). At the end of 2023, more than 93,000 people had been able to access employment via L'Oréal's worldwide Inclusive Sourcing programme.

(1) *At 30 November 2023.*
(2) *Royal Society for the Prevention of Accidents.*
(3) *The Solar Impulse Foundation aims to select, accredit and promote clean and cost-effective solutions to help political and economic decision-makers achieve their environmental objectives.*

Manufacturing performance that relies on a global system combining responsiveness with operational excellence

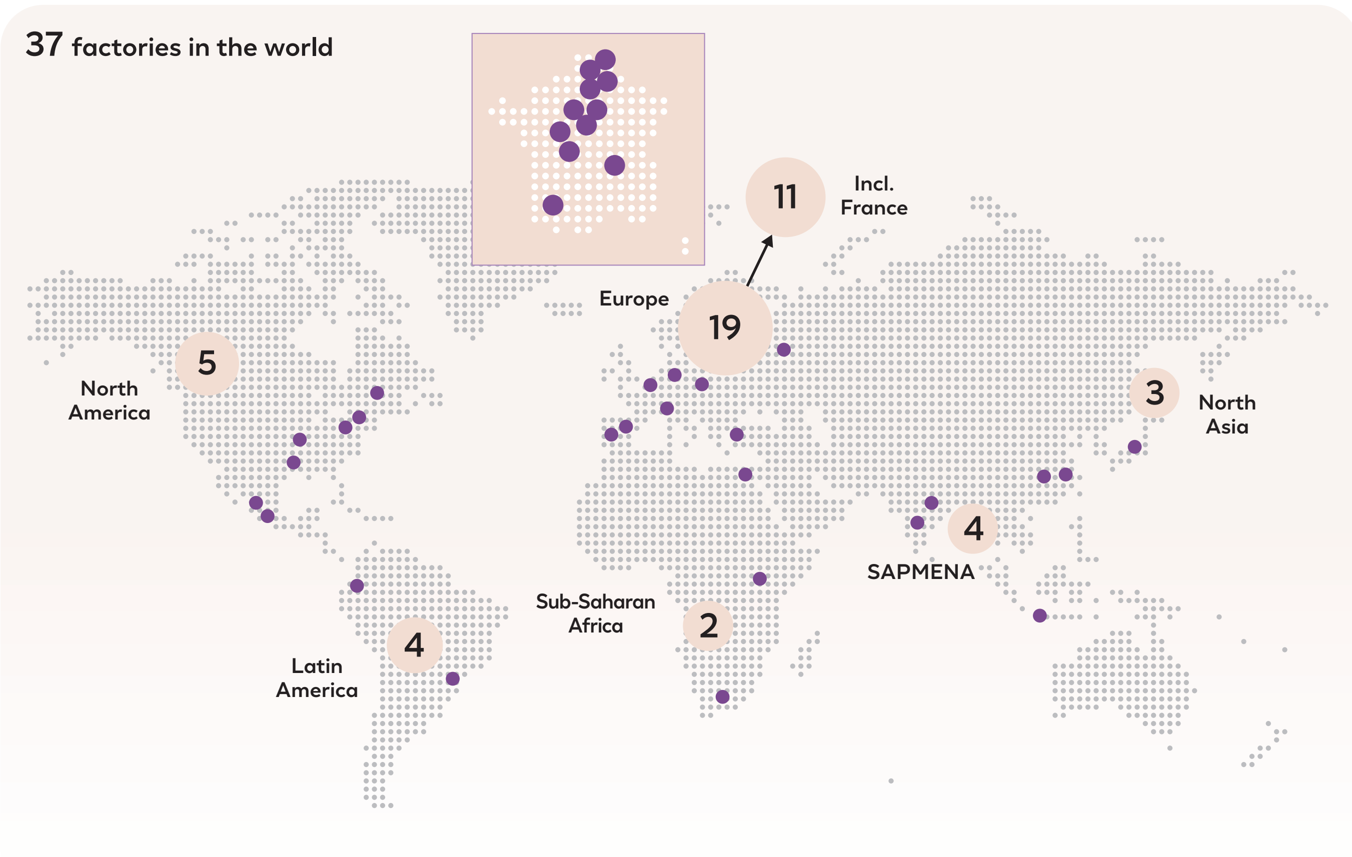
L'Oréal has 37 high-tech factories around the world, located close to its consumer markets. This network, which uses the most advanced technologies – robotisation, automation, cobotics (collaborative robotics) – is constantly evolving to accommodate the growth of the Group, incorporate acquisitions, embrace external innovations and adapt to rapid changes in the beauty market. It is supported by a network of subcontracting partners to deal with cyclical peaks in demand.

The Group's manufacturing organisation is also based on specialisation by technology[1] to maximise best practices, increase agility, improve productivity and to optimise investments.

With the aim of supporting the growth of the fragrance industry, investments have been made to bring together the Group's expertise in the "Manufacture du Parfum", represented by two dedicated plants in France. The Aulnay-sous-Bois plant in the Paris region has been transformed to manufacture the fragrances of the Luxe Division and complement the activities of the Gauchy plant (Aisne), dedicated to best-sellers and mass production. This "Manufacture" is a prime example of L'Oréal's responsiveness, its expertise in "French-style luxury" and the territorial connection of its manufacturing base.

The Operations Division also coordinated the overhaul of its skincare manufacturing capacity worldwide, with major projects in the United States, North Asia and Europe (France), in response to strong growth in this category.

MANUFACTURING FOOTPRINT BY GEOGRAPHIC ZONE



The Group's Operational Excellence System, deployed in all its plants, is based on the commitment of all Operations employees to guarantee safety, health, quality, product availability, service levels, productivity, ergonomics and environmental impact.

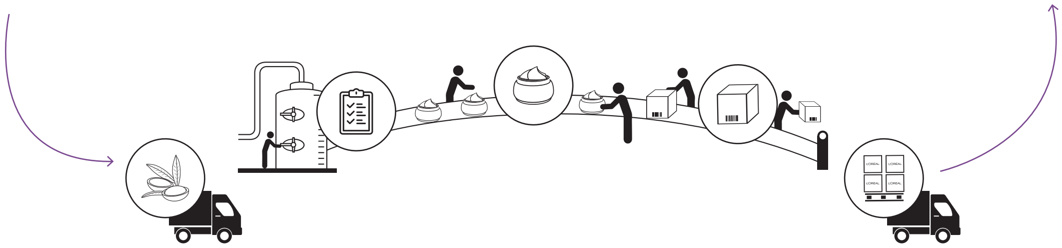
(1) *Haircare, skincare, makeup, perfumes, hygiene products etc.*

L'Oréal selects its suppliers according to stringent criteria and standards

in terms of quality, safety, social and environmental responsibility, established worldwide and in line with its responsible purchasing policy

L'Oréal offers consumers high-quality, high-performance products

thanks to compliance with the most stringent regulations and the continuous improvement approach at the heart of its quality policy



A global quality management system to guarantee performance and quality for consumers

Identical processes at all 37 plants, from receipt of raw materials, manufacture of formulas and filling and packaging of finished products right through to marketing

Plant certification at the highest level

100% of the Group's plants produce in compliance with ISO 22716 *

100% of the Group's plants produce in compliance with ISO 9001 **

* *Best practices in cosmetics manufacturing.*
** *Quality management.*

At the heart of production: environmental protection

The Group's environmental policy aims to roll out best practices in sustainable production so as to limit the direct impact of the Group's business activities on the environment, and to preserve biodiversity and resources: energy efficiency, use of renewable energy, optimisation of water consumption and recycling, reduction of waste generation etc. In 2023, L'Oréal continued to prioritise programmes designed to reduce its environmental footprint[1].

SINCE 2019

-65% of CO_2 emissions in absolute terms*

-10% of water withdrawal per unit of finished product

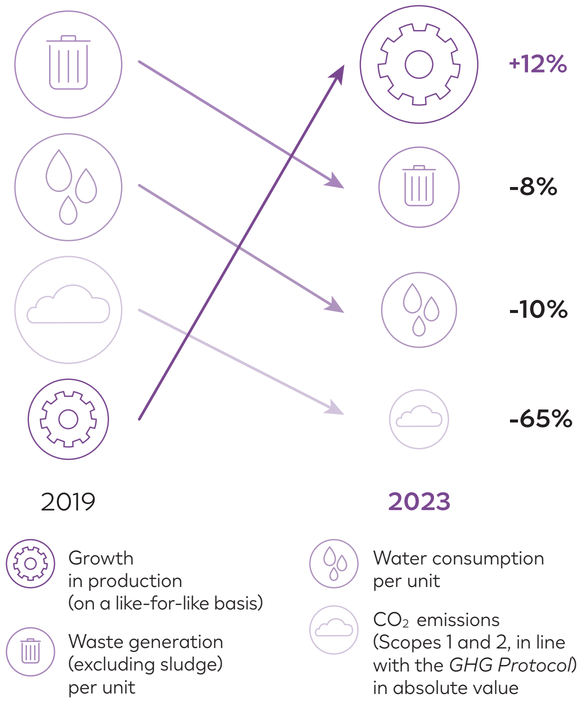
-8% of waste generation (excluding sludge) per finished product unit

97% of waste on industrial sites has been recovered, i.e. reused, recycled or made energy-efficient

* *Operating sites (Scopes 1 and 2, according to the GHG Protocol).*

(1) *Continuation of renewable energy projects around the world (e.g., start-up of two new treatment plants in France).*

A COMMITMENT TO RESPONSIBLE PRODUCTION (FACTORIES AND DISTRIBUTION CENTRES[1] COMPARED WITH 2019)



At the end of 2023, the Group had reached 90% renewable energy[2] for its operated sites (see subparagraph 4.3.1.1.3) and five plants were "Waterloop" factories: all the water required for utilities (equipment cleaning, steam production etc.) is of recycled origin and reused on site (see subparagraph 4.3.1.1.4).

L'Oréal's commitment for over 25 years to environmental leadership has been recognised since 2016 with the best possible rating by CDP[3]: a triple "A". L'Oréal is thus the only company in the world, out of more than 21,000 companies assessed, to receive a triple "A" ranking for the eighth consecutive year, for its commitment and results in the three key areas: addressing climate change, protecting forests and ensuring water security.

A responsible, omnichannel supply chain strategy

The Group's Supply Chain Department organises and optimises the delivery of every one of the over 7 billion L'Oréal products to all customers, as well as directly to consumers. It is responsible for making sure that the products are delivered under optimum conditions, at the right time and at the best cost. The Supply Chain Department and its distribution centres were particularly strategic and responsive in 2023 in order to support L'Oréal's growth in an extremely volatile market.

L'Oréal's unique features in a global market are its diverse range of distribution channels and its portfolio of many different cosmetic beauty products categories. L'Oréal continuously optimises all information flows and physical flows from suppliers to customers.

The goal is to increase responsiveness to handle market variations on all distribution channels and to adapt to market expectations in real time. Digitalisation of the supply chain and data management are critical challenges, and represent a real opportunity, especially in the retail sector and in stores managed directly by L'Oréal. It can provide a comprehensive view of business in a store, as well as improve understanding of the consumer purchase journey.

The supply chain network composed of over 150 distribution centres is a strategic lever to ensure agile coverage of market challenges and expand our service offer. To create a more responsive supply chain, L'Oréal is investing in its distribution centres to gradually transform its fulfilment centres[4]: powered by automation and data, they manage a range of services to consumers such as personalisation, box preparation and tailor-made delivery. They facilitate inventory interoperability for omnichannel management and allow enhanced product traceability. In Suzhou in China, for example, L'Oréal began constructing a fulfilment centre to enhance its offering of personalised beauty services and experiences.

In order to reduce its environmental footprint, L'Oréal is co-creating with carriers low-carbon multimodal solutions adapted to the specific features of each geographic zone (green delivery, reduced air freight, hydrogen engines etc.).

In 2023, the Group inaugurated the new Vennecy distribution centre in France for Consumer Products. Exemplary in terms of environmental performance (enhanced insulation, optimised mix of natural/LED lighting, passive air conditioning, roof-top photovoltaic power system and biomass-boilers), this centre uses data and automation to optimise flows and accentuate its ability to adapt to the markets.

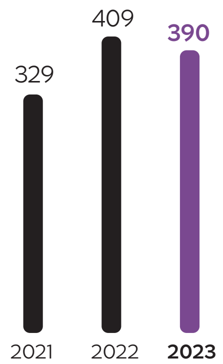
Global economic performance at the service of the brands and the commercial entities

In a climate of short and long-terms global tension, the Operations Division plays a key economic role for all brands and markets, which has an impact on the overall cost of products and their distribution.

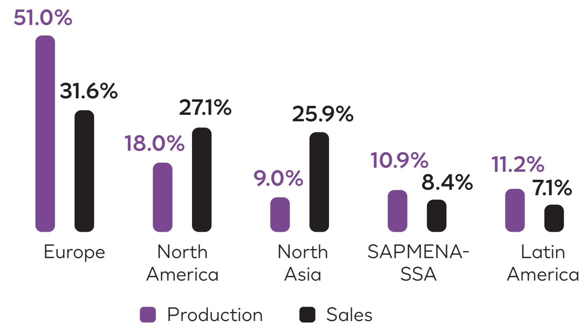
Economic optimisation efforts led by Operations involve tracking the total landed cost, i.e. the final full cost of a product, which includes the cost of packaging and raw materials, the value added by the plants and all supply chain costs.

(1) *Fully owned distribution centres.*
(2) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data".*
(3) *CDP is an independent NGO which offers a global system for the measurement and publication of environmental information and which assesses the strategy, close involvement and results obtained by companies in the fight against climate change, sustainable water management and forest protection.*
(4) *Distribution centres specially adapted for e-commerce distribution, where packages sent directly to consumers are prepared.*

COMMITMENT TO INVEST IN OPERATIONS
(Production and supply chain commitments in € millions)



PRODUCTION AND SALES OF THE OPERATIONAL DIVISIONS BY GEOGRAPHIC ZONE IN 2023: PRODUCTION CLOSE TO ITS MARKETS



1.4. 2023 Financial Results and Corporate Social Responsibility commitments

1.4.1. 2023 results

Commenting on the figures, Nicolas Hieronimus, CEO of L'Oréal, said:

"2023 was a very successful year for the group. I am immensely grateful to our teams. Their creativity, entrepreneurship and passion enabled us to report a third consecutive year of double-digit like-for-like growth, once again outperforming a dynamic beauty market. We set a new operating margin record and delivered +7.3% EPS[1] *growth. In a challenging environment of geopolitical tensions, inflationary pressures, and a stagnating beauty market in China, we delivered our best like-for-like growth in more than 20 years (excluding 2021). This is a clear vindication of the power of our multi-polar model, and I am particularly pleased with the strong acceleration in emerging markets.*

As we head into 2024, we remain optimistic about the outlook for the beauty market, and confident in our ability to keep outperforming it and to achieve another year of growth in sales and profits.

More than ever, L'Oréal is looking to the future – a future that will have Beauty Tech at its very core. Beauty Tech will shape our industry and enable us to further strengthen our leadership. It will allow us to know our consumers ever-better, to bring them ever-more impactful and sustainable products and services and to become ever-sharper in our execution."

1.4.1.1. Overview of the results for 2023

- **Sales: €41.18 billion,** +7.6% reported and +11.0% like-for-like[2].
- **Continued outperformance** of a dynamic global beauty market.
- **Like-for-like growth in all Divisions** with particularly noteworthy performances in Consumer Products and Dermatological Beauty.
- **The L'Oréal Luxe Division** has become the global market leader (in sales) in luxury beauty.
- **Double-digit like-for-like growth all regions** except North Asia which continued to be impacted by the market softness in mainland China and the reset in Travel Retail.
- **Continued growth** in value and volume.
- **Further operating margin improvement: 19.8%** (+30 bps); operating profit: €8,143.3 million.
- **Earnings per share: €12.08**, up by +7.3%.
- **Dividend**[3]**: €6.60**, an increase of +10.0%.
- **Net cash flow: €6.1 billion**, up by +23.9%.
- **Creation of the €15 million L'Oréal Climate Emergency fund** to help vulnerable communities prepare for and recover from climate disasters.
- **Sustainability leader:** only company in the world to have been awarded a triple 'A' rating by CDP for eight years in a row; platinum medal by EcoVadis, which ranked L'Oréal in the global top 1% of best companies in terms of environmental and social performance.

(1) Diluted earnings per share (EPS), based on net profit, excluding non-recurring items, after non-controlling interests.
(2) Like-for-like sales growth: based on a comparable structure and identical exchange rates.
(3) To be proposed at the Annual General Meeting of 23 April 2024.

1.4.1.2. 2023 Consolidated sales

Sales amounted to €41.18 billion at 31 December 2023, up +7.6% reported.

Like-for-like, *i.e.* based on a comparable structure and identical exchange rates, sales grew by +11.0%.

The net impact of changes in the scope of consolidation was +1.6%.

Growth at constant exchange rates came out at +12.6%.

Currency fluctuations had a negative impact of -5.0% at the end of 2023.

SALES BY DIVISION AND GEOGRAPHIC ZONE

€ millions	2021	2022	2023	% 2023 sales	2022/2023 progression Like-for-like	2022/2023 progression Reported figures
By Division						
Professional Products	3,783.9	4,476.8	4,653.9	11.3%	+7.6%	+4.0%
Consumer Products	12,233.5	14,021.3	15,172.7	36.8%	+12.6%	+8.2%
L'Oréal Luxe	12,346.2	14,638.1	14,924.0	36.2%	+4.5%	+2.0%
Dermatological Beauty[1]	3,924.0	5,124.5	6,432.0	15.6%	+28.4%	+25.5%
GROUP TOTAL	**32,287.6**	**38,260.6**	**41,182.5**	**100.0%**	**+11.0%**	**+7.6%**
By Region						
Europe	10,184.8	11,436.7	13,007.8	31.6%	+16.0%	+13.7%
North America	8,155.9	10,164.0	11,147.2	27.1%	+11.8%	+9.7%
North Asia	9,863.3	11,321.4	10,662.9	25.9%	-0.9%	-5.8%
SAPMENA – SSA[2]	2,312.0	2,962.4	3,447.7	8.4%	+23.2%	+16.4%
Latin America	1,771.5	2,376.2	2,916.9	7.1%	+24.4%	+22.8%
GROUP TOTAL	**32,287.6**	**38,260.6**	**41,182.5**	**100.0%**	**+11.0%**	**+7.6%**

(1) Formerly known as the Active Cosmetics Division.
(2) SAPMENA – SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.

Summary by Division

Professional products

The Professional Products Division reported robust growth of +7.6% like-for-like and +4.0% reported.

The Division significantly outperformed the professional beauty market, supported by its strategic focus on driving haircare, strengthening its omni-channel approach and conquering new markets.

Its two biggest brands, *L'Oréal Professionnel* and *Kérastase,* grew strongly.

By category, haircare remained particularly dynamic. This was driven by the ongoing success of *Kérastase*, especially its key *Genesis* and *Chronologiste* brand franchises, as consumers continued to premiumise their haircare routines. Growth was underpinned by *L'Oréal Professionnel*'s breakthrough innovations, including *Metal Detox* and *Absolut Repair Molecular*. In hair colour, it was driven by the blockbusters *Shades EQ* by *Redken* and the new *Inoa* by *L'Oréal Professionnel*.

Momentum was positive across all regions, led by China, the Division's second largest market, as well as emerging markets, notably India, now the fifth largest market.

In the professional beauty industry, the Division further strengthened its leadership position, supported by its unrivalled Beauty Tech backbone, which drove strong growth in e-commerce both in B2B and B2C.

Consumer products

The Consumer Products Division had its best growth in more than 30 years at +12.6% like-for-like and +8.2% reported.

The Division outperformed a dynamic mass market and delivered strong growth surpassing €15 billion. Throughout the year, growth was driven by volume and value as the Division continued to pursue its strategy of simultaneously democratising and premiumising.

All four key brands grew in double digits, with *L'Oréal Paris* crossing the €7 billion mark.

All major categories posted strong growth, as disruptive innovations met flawless execution. Makeup was the leading contributor to the Division's growth, propelled by the launches of *Surreal Mascara* by *Maybelline New York, Infallible Matte Resistance* lipstick by *L'Oréal Paris*, and *Fat Oil* gloss by *NYX Professional Makeup*. Hair was also very dynamic, valorising with premium launches like *Elvive Bond Repair* by *L'Oréal Paris* and *Garnier Good haircolor*. Skincare grew significantly, with the very successful global roll out of *Garnier Fast Bright with Vitamin C* as well the launches of *Revitalift Clinical* and *Glycolic Bright* by *L'Oréal Paris*.

By region, the most noteworthy performances were in Europe, where momentum saw a truly spectacular acceleration, making it a key growth contributor, and in emerging markets, particularly Mexico, Brazil, and India. North America delivered robust growth.

Luxe

L'Oréal Luxe grew +4.5% like-for-like, +2.0% reported and has become the global number one in luxury beauty.

Excluding North Asia, which was impacted by the reset of Travel Retail and the market softness in mainland China, L'Oréal Luxe grew in double digits. This was driven by continued investment in its portfolio of complementary brands, as well as its ambitious omni-channel strategy, now including Amazon in the US. The Division has become the global market leader in luxury beauty thanks to its strong momentum in developed and emerging markets and its remarkable outperformance in China. There, the early adoption of Douyin and the ongoing investment in point-of-sale quality paid off.

Fragrances remained the star performer, driven by *Yves Saint Laurent* with the worldwide blockbuster *Libre* and the successful launch of *MYSLF*, as well as *Born in Roma* by *Valentino*, *Paradoxe* by *Prada*, *Wanted* by *Azzaro* and *Angel* by *Mugler*. In skincare, ultra-luxury brand *Helena Rubinstein* passed the one-billion-euro mark, and *Takami* advanced strongly in the medical luxury segment. Makeup momentum accelerated in the second half of the year, driven by the Couture brands.

More recently added brands like *Prada*, *Takami* and *Valentino* made strong growth contributions. *Aēsop*, integrated since 30 August, is off to a promising start.

Dermatological Beauty[1]

The Dermatological Beauty Division had spectacular growth of +28.4% like-for-like and +25.5% reported.

Dermatological Beauty maintained its outstanding momentum, growing twice as fast as the highly dynamic dermocosmetics market, and delivering its sixth consecutive year of double-digit growth. As a result, sales have more than doubled in just three years.

This was driven by the Division's unrivalled portfolio of highly complementary brands, its online and offline channel coverage, and its longstanding medical prescription leadership.

Momentum was strong across all regions and well-balanced between developed and emerging markets. In mainland China, the Division significantly outperformed a market that proved resilient.

La Roche-Posay, the number one growth contributor, kept its outstanding pace, driven by the *UVmune400*, breakthrough innovation in sun care, as well as the successful *Cicaplast* microbiome renovation. *CeraVe* continued to advance strongly both in the US, where it is now the number one skincare brand, and in the rest of the world. *Vichy* reported its best growth in 18 years, while the portfolio of aesthetics-related brands grew in double digits.

L'Oréal Dermatological Beauty places three of its key brands in the top-four most prescribed brands by dermatologists in the world.

Summary by Region

Europe

Sales in Europe saw outstanding growth of +16.0% like-for-like and +13.7% reported.

Throughout the year, the beauty market was very dynamic, and L'Oréal outperformed across all of its core Western and Central European countries. Thanks to its outstanding progress, the region was the single largest growth driver at Group level for the second year running.

Volume and value both contributed strongly, the latter fueled by mix and price. All categories advanced in double-digits, led by skincare and makeup.

Professional Products continued to recruit new consumers and develop its position in premium haircare thanks to *Kérastase* and the strong momentum of *Série Expert* by *L'Oréal Professionnel*. In Consumer Products, each of the four key brands recorded exceptional growth. L'Oréal Luxe further strengthened its leadership in fragrances, driven by *Libre* by *Yves Saint Laurent* – now the second largest female women's fragrance in Europe after *Lancôme's La Vie Est Belle* – and by *Paradoxe* by *Prada*. Dermatological Beauty outperformed its market significantly; thanks to the continued strong growth of *CeraVe*, the Division now has three of the top-four dermo-cosmetics brands in Europe.

L'Oréal continued to strengthen its position in the most dynamic channels: drugstores, e-commerce, and pharmacies.

North America

Sales in North America advanced strongly, +11.8% like-for-like and +9.7% reported.

L'Oréal outperformed a dynamic market, driven by valorising innovations and channel optimisation. Each of the Divisions grew, led by Dermatological Beauty and L'Oréal Luxe.

The Professional Products Division outperformed the market thanks to its well-rounded brand portfolio with Kérastase particularly dynamic. This was backed by its strong innovation pipeline, and its omni-channel focus, where selective channels and e-commerce outperformed.

Consumer Products grew strongly in haircare, boosted by the continued success of the core Elvive and Ever haircare franchises. In a vibrant makeup market, momentum remained strong, supported by a well-filled innovation pipeline across all brands.

L'Oréal Luxe outperformed the market in fragrances, led by *Born in Roma* by *Valentino* and *MYSLF* by *Yves Saint Laurent*. In makeup, Couture brands *Yves Saint Laurent* and *Armani* were bolstered by new launches. E-commerce remained dynamic, particularly during the holiday season.

Dermatological Beauty continued its exceptional performance, outperforming the market thanks to the uninterrupted success of *CeraVe*, now the number one skin care brand in the US, and *La Roche Posay*. *Skinbetter Science* maintained strong momentum.

(1) *Formerly known as the Active Cosmetics Division.*

North Asia

Sales in North Asia contracted, -0.9% like-for-like and -5.8% reported.

North Asia continued to be impacted by the reset in Travel Retail following the change in policy regarding Daigous. In mainland China, where the beauty market remained flat, L'Oréal grew +5.4%, significantly strengthening its leadership – boosted by the Group's continued investment in the quality of its offline distribution in a truly O+O (offline plus online) market. In Hong Kong SAR, momentum was buoyant, as tourist activity resumed. In Japan, L'Oréal significantly outperformed a dynamic market, driven by Consumer Products and L'Oréal Luxe.

In North Asia, growth was fuelled by L'Oréal Dermatological Beauty, where all three core brands grew in double-digits led by CeraVe, and Professional Products, where *Kérastase* continued to advance strongly. Both Divisions significantly outperformed their respective markets. L'Oréal Luxe continued to outperform its market, with particularly strong momentum in premium skincare thanks to the remarkable success of *Helena Rubinstein and Takami*; Couture brands like *Yves Saint Laurent* and the recently launched *Prada Beauty* also contributed. The Consumer Products Division was supported by the rebound of its makeup brands, *Maybelline New York* and *3CE Stylenanda*.

Offline and online channels both contributed to growth in the region.

SAPMENA – SSA[1]

Sales in SAPMENA-SSA had outstanding growth of +23.2% like-for-like and +16.4% reported.

In SAPMENA, growth was broad-based as each category, Division, and country advanced in double-digits. Mix-driven value and volume both contributed strongly.

Fragrances was the most dynamic category, followed by skincare and makeup; haircare was boosted by continued premiumisation.

The stand-out performers by Division were Dermatological Beauty, where *CeraVe* continued its successful expansion, and Consumer Products, where all brands grew in double-digits.

By country, the Australia-New Zealand and GCC[2] clusters, as well as India were the top-three growth contributors, all advancing in excess of +20%.

Sales progressed faster online than offline, driven by India and Vietnam.

SSA saw record growth with all countries advancing in double digits. Skincare and makeup led category growth; Consumer Products and Dermatological Beauty were the top performers by Division.

Latin America

Sales in Latin America achieved outstanding growth of +24.4% like-for-like and +22.8% reported.

L'Oréal maintained exceptional momentum with strong contributions from both value and volume. The Group outperformed a dynamic beauty market.

All categories reported double-digit growth. Skincare, makeup, and the all-important haircare category were particularly dynamic.

By Division, the stand-out performers were Consumer Products, where all key brands and categories performed strongly, and Dermatological Beauty, where La Roche-Posay and CeraVe continued their outstanding growth.

Growth was broad-based across all countries. The top-two contributors were Brazil and Mexico; the latter reported spectacular growth in excess of 30%.

The successfully implemented omnichannel strategy resulted in well-balanced online and offline growth.

1.4.1.3. 2023 Consolidated results

OPERATING PROFITABILITY AND CONSOLIDATED INCOME STATEMENT

	2021		2022		2023	
	€ millions	% CA	€ millions	% CA	€ millions	% CA
Sales	**32,287.6**	**100.0%**	**38,260.6**	**100.0%**	**41,182.5**	**100.0%**
Cost of sales	-8,433.3	26.1%	-10,577.4	27.6%	-10,767.0	26.1%
Gross profit	**23,854.3**	**73.9%**	**27,683.3**	**72.4%**	**30,415.5**	**73.9%**
R&I expenses	-1,028.7	3.2%	-1,138.6	3.0%	-1,288.9	3.1%
Advertising and promotion	-10,591.0	32.8%	-12,059.0	31.5%	-13,356.6	32.4%
Selling, general and administrative expenses	-6,074.2	18.8%	-7,028.8	18.4%	-7,626.7	18.5%
OPERATING PROFIT	**6,160.3**	**19.1%**	**7,456.9**	**19.5%**	**8,143.3**	**19.8%**

(1) *SAPMENA – SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.*
(2) *GCC: Gulf Cooperation Council.*

Gross profit, at 73.9% of sales, improved by 150 basis points.

Research & Innovation expenses increased by 10 basis points to 3.1% of sales.

Advertising and promotional expenses increased by 90 basis points to 32.4% of sales, equivalent to an increase of more than 10% year-on-year.

Selling, general and administrative expenses increased by 10 basis points to 18.5% of sales.

Overall, **operating profit** increased by +9.2% to €8,143.3 million, and amounted to 19.8% of sales, an improvement of 30 basis points.

NET PROFIT

From operating profit to net profit excluding non-recurring items.

€ millions	2021	2022	2023	Evolution
Operating profit	**6,160.3**	**7,456.9**	**8,143.3**	**+9.2%**
Financial revenues and expenses excluding Sanofi dividends	-59.6	-73.0	-113.4	
Sanofi dividends	378.3	468.2	420.9	
Profit before tax excluding non-recurring items	**6,478.9**	**7,852.1**	**8,450.8**	**+7.6%**
Income tax excluding non-recurring items	-1,535.6	-1,793.4	-1,957.8	
Net profit excluding non-recurring items of equity consolidated companies	+0.6	+1.5	+0.2	
Non-controlling interests	-5.5	-6.1	-6.7	
Net profit after non-controlling interests excluding non-recurring items	**4,938.5**	**6,054.1**	**6,486.6**	**+7.1%**
EPS[1] *(in euros)*	8.82	11.26	12.08	+7.3%
NET PROFIT AFTER NON-CONTROLLING INTERESTS	**4,597.1**	**5,706.6**	**6,184.0**	**+8.4%**
Diluted EPS after non-controlling interests *(in euros)*	8.21	10.61	11.52	
Diluted average number of shares	559,791,545	537,657,548	537,021,039	

(1) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

Net finance costs amounted to €113 million.

Sanofi dividends totalled €420.9 million.

Income tax excluding non-recurrent items amounted to €1,958 million, representing a tax rate of 23.2%.

Net profit excluding non-recurring items after non-controlling interests stood at €6,487 million.

Earnings per share[1], at €12.08, increased by +7.3%.

Non-recurring items after non-controlling interests[2] amounted to €302 million net of tax.

Net profit after non-controlling interests came out at €6,184 million, increasing by +8.4%.

Cash flow statement, Balance sheet and Cash position

Gross cash flow amounted to €7,999 million, an increase of +9.7%. The **working capital requirement** increased by €395 million.

At €1,488.7 million, **investments** represented 3.6% of sales.

Net cash flow[3], at €6,116 million, increased by 23.9%.

The **balance sheet** remains strong, with shareholders' equity amounting to €29.1 billion.

Proposed dividend at the Annual General Meeting of 23 April 2024

The Board of Directors has decided to propose a dividend of €6.60 per share at the shareholders' Annual General Meeting of 23 April 2024, an increase of +10.0% compared with the dividend paid in 2023. The dividend will be paid on 30 April 2024 (ex-dividend date 26 April at 0:00am, Paris time).

Share capital

At 31 December 2023, the capital of the company is formed by 534,725,475 shares.

(1) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.
(2) Non-recurring items include impairment of assets, capital gains and losses on disposals of long-term assets, restructuring costs and tax effects of non-recurring items.
(3) Net cash flow = Gross cash flow + changes in working capital - capital expenditure.

Operating profit by Division

	2021		2022		2023	
	€ millions	% CA	€ millions	% CA	€ millions	% CA
By Division						
Professional Products	807	21.3%	953.6	21.3%	1,005.3	21.6%
Consumer Products	2,466	20.2%	2,774.9	19.8%	3,114.7	20.5%
L'Oréal Luxe	2,816	22.8%	3,350.4	22.9%	3,331.8	22.3%
Dermatological Beauty	991	25.2%	1,303.0	25.4%	1,670.9	26.0%
DIVISIONS TOTAL	**7,080**	**21.9%**	**8,381.9**	**21.9%**	**9,122.7**	**22.2%**
Non-allocated(1)	-920	-2.8%	-925.1	-2.4%	-979.4	-2.4%
GROUP	**6,160**	**19.1%**	**7,456.9**	**19.5%**	**8,143.3**	**19.8%**

(1) *Non-allocated = Central Group expenses, fundamental research expenses, free grant of shares expenses and miscellaneous items.*

The profitability of the **Professional Products Division** came out at 21.6% of sales, up 30 basis points.

The profitability of the **Consumer Products Division** came out at 20.5% of sales, up 70 basis points.

The profitability of the **Luxe Division** came out at 22.3% compared to 22.9% in 2022.

The profitability of the **Dermatological Beauty Division** came out at 26.0%, up 60 basis points.

Non-allocated expenses amounted to €979.4 million.

Sales by business segment

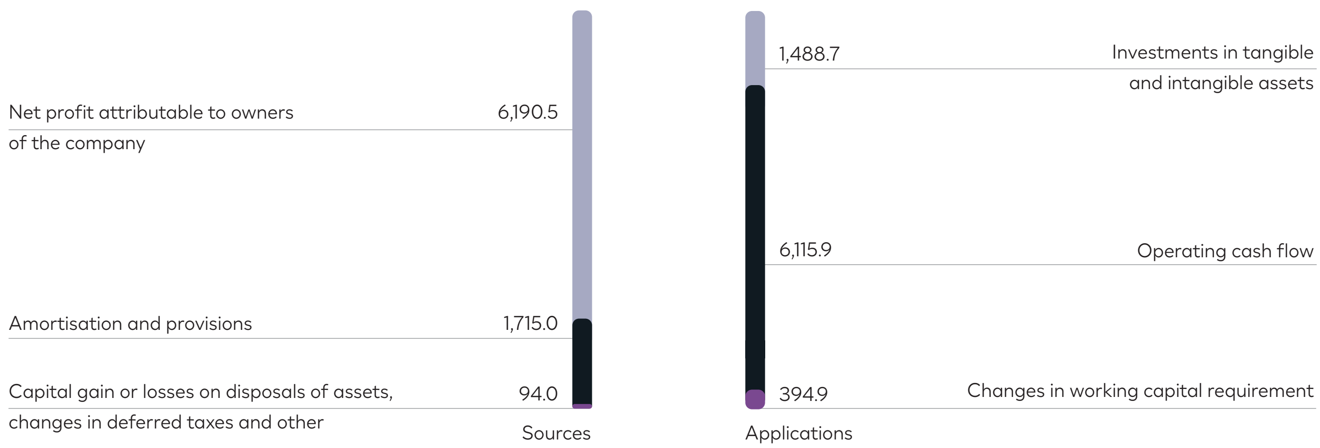
				2022/2023 evolution	
€ millions	2021	2022	2023	Like-for-like	Reported figures
Skincare	12,982	15,344	16,447	10.4%	7.2%
Make-up	6,627	7,739	8,124	10.0%	5.0%
Haircare	4,880	5,750	6,320	15.3%	9.9%
Hair colourants	3,016	3,362	3,426	6.5%	1.9%
Perfumes	3,512	4,546	5,171	16.9%	13.7%
Other(1)	1,271	1,520	1,695	0.0%	11.6%
TOTAL COSMETICS SALES	**32,288**	**38,261**	**41,183**	**11.0%**	**7.6%**

(1) *"Other" includes hygiene products, sales made by American distributors with non-Group brands.*

Compared consolidated income statements

€ millions	2023	2022	2021
Net sales	**41,182.5**	**38,260.6**	**32,287.6**
Cost of sales	-10,767.0	-10,577.4	-8,433.3
Gross profit	**30,415.5**	**27,683.3**	**23,854.3**
Research & Innovation expenses	-1,288.9	-1,138.6	-1,028.7
Advertising and promotion expenses	-13,356.6	-12,059.0	-10,591.0
Selling, general and administrative expenses	-7,626.7	-7,028.8	-6,074.2
Operating profit	**8,143.3**	**7,456.9**	**6,160.3**
Other income and expenses	-449.9	-241.5	-432.0
Operational profit	**7,693.4**	**7,215.4**	**5 728.3**
Finance costs on gross debt	-226.7	-70.4	-38.0
Finance income on cash and cash equivalents	162.1	69.8	18.5
Finance costs, net	**-64.6**	**-0.6**	**-19.4**
Other financial income and expenses	-48.8	-72.3	-40.2
Sanofi dividends	420.9	468.2	378.3
Profit before tax and associates	**8,001.0**	**7,610.6**	**6,046.9**
Income tax	-1,810.6	-1,899.4	-1,445.4
Share of profit in associates	0.2	1.4	0.6
Net profit	**6,190.5**	**5,712.6**	**4,602.2**
Attributable to:			
• owners of the company	6,184.0	5,706.6	4,597.1
• non-controlling interests	6.5	6.0	5.1
Earnings per share attributable to owners of the company *(euros)*	11.55	10.65	8.24
Diluted earnings per share attributable to owners of the company *(euros)*	11.52	10.61	8.21
Earnings per share attributable to owners of the company, excluding non-recurring items *(euros)*	12.11	11.30	8.86
Diluted earnings per share attributable to owners of the company, excluding non-recurring items *(euros)*	12.08	11.26	8.82

Sources and application of funds



Gross cash flow: 7 999,5

Financial ratios

	2021	2022	2023
Operating profit/Sales *(as % of sales)*	19.1%	19.5%	19.8%
Net profit excluding non-recurring items attributable to the owners of the group/ Opening shareholders' equity *(% of shareholders' equity)*	17.0%	25.8%	23.9%
Net gearing[1] *(% of shareholders' equity)*	15.2%	11.2%	15.1%
Gross cash flow/Investments	6.2x	5.4x	5.4x

(1) Net gearing: (Current and non-current debt – Cash and cash equivalents) / Shareholders' equity attributable to owners of the company.

L'Oréal 2018-2023

€ millions	2018	2019	2020	2021	2022	2023
Results						
Consolidated sales	26,937	29,874	27,992	32,288	38,260	41,183
Operating profit	4,922	5,548	5,209	6,160	7,457	8,143
As a percentage of consolidated sales	18.3%	18.6%	18.6%	19.1%	19.5%	19.8%
Profit before tax excluding non-recurring items	5,278	5,848	5,485	6,479	7,852	8,451
Net profit excluding non-recurring items attributable to the owners of the company	3,988	4,357	4,099	4,938	6,054	6,487
Net profit attributable to owners of the company	3,895	3,750	3,563	4,597	5,707	6,184
Total dividend	2,177	2,173	2,268	2,601	3,248	3,564[3]
Balance sheet						
Non-current assets	25,991	29,893	29,047	30,938	32,794	35,530
Current assets excl. cash and cash equivalents	8,474	8,631	8,154	9,362	11,432	12,037
Cash and cash equivalents	3,992	5,286	6,406	2,714	2,618	4,288
Equity[1]	26,933	29,426	28,999	23,593	27,187	29,082
Net financial position[2]	-2,751	-2,399	-3,859	3,586	3,033	4,404
Gross cash flow	5,178	5,802	5,724	6,640	7,289	8,000
Per share data *(€)*						
Diluted earnings per share attributable to owners of the company excluding non-recurring items	7.08	7.74	7.30	8.82	11.26	12.08
Dividend	3.85	3.85	4.00	4.80	6.00	6.60[3]
Share price at 31 December[4]	201.20	264.00	310.80	416.95	333.60	450.65
Highest share price during the year[4]	214.90	267.60	321.40	433.65	431.95	460.00
Lowest share price during the year[4]	170.30	194.55	196.00	290.10	300.45	334.30
Diluted weighted average number of shares outstanding[4]	563,098,506	562,813,129	561,635,963	559,791,545	537,657,548	537,021,039

(1) Plus non-controlling interests.
(2) The net cash surplus was €2,751 million in 2018, €2,399 million in 2019, €3,859 million in 2020, -€3,586 million in 2021 and -€3,022 in 2022. The net debt was - €4,404 million in 2023.
(3) Dividend proposed to the Annual General Meeting of 23 april 2024.
(4) The L'Oréal share has been listed in euros on the Paris Stock Exchange since 4 January 1999, where it was first listed in 1963. The share capital is €106,945,095.00 at 31 December 2023; the par value of one share is €0.2.

1.4.1.4. Important events and post-closing events

Strategy

- On 3 April, L'Oréal announced that it had **signed an agreement with Natura &Co to acquire Aēsop**, the Australian luxury beauty brand. Created in 1987, Aēsop is a global super brand known for its skin, hair and body products, available across luxury retail, beauty and hospitality locations around the world. Aēsop operates online and in around 400 exclusive points of sale across the Americas, Europe, Australia and Asia, with a nascent footprint in China where the first store opened in 2022. The closing is subject to certain regulatory approvals and other customary conditions.
- On 1 July, as part of the Ambition France project, the Group established L'Oréal France as an autonomous entity, bringing together its commercial operations and shared services, as voted by the Annual General Meeting of 21 April 2023[(1)].
- On 30 August, L'Oréal announced the **completion of the acquisition of Aēsop** – a brand that is highly complementary to the Luxe portfolio and offers significant growth potential, notably in China and Travel Retail.
- In August, **the Musée du Louvre and *Lancôme* joined forces** for an unprecedented collaboration. Inspired by nine masterpieces of sculpture, *Lancôme* imagined a new skincare and makeup collection, signed *Lancôme* x Louvre. The launch campaign was filmed at the Louvre with several ambassadors of the brand.
- In December, L'Oréal announced the **acquisition of Lactobio**, a leading probiotic and microbiome research company based in Denmark.
- In January 2024, L'Oréal's venture capital fund BOLD ("Business Opportunities for L'Oréal Development") **acquired a minority stake in Timeline**, a Swiss biotech company developing innovative solutions for longevity in food, beauty, and health.
- In January 2024, L'Oréal announced that it has signed an agreement **to acquire the remaining shares in Gjosa**, a Swiss startup pioneering water fractioning. L'Oréal had previously partnered with Gjosa to launch the award-winning Water Saver showerhead.
- In January 2024, L'Oréal's Venture Capital fund BOLD, closed a **minority investment in the luxury Chinese fragrance brand, To Summer**, to expand into global markets and offer global consumers curated olfactory experiences inspired by eastern art, culture, philosophy and landscapes.

Management

- On 14 September, L'Oréal announced **several important moves within its Executive Committee**[(2)] that will be effective from the first quarter of 2024. Fabrice Megarbane will be appointed Chief Global Growth Officer; he will succeed Frédéric Rozé, who has announced his intention to retire at the beginning of next year; he will oversee accelerating growth and leading transformation projects in the five regions. Vincent Boinay will succeed Fabrice Megarbane as President of North Asia and Chief Executive Officer of L'Oréal China; given the increased complexity of the Chinese market, Laurence MA, currently General Manager of L'Oréal Luxe China, will be appointed to the newly created role of Deputy Chief Executive Officer in Charge of Divisions – L'Oréal China. Emmanuel Goulin will succeed Vincent Boinay as President of Travel Retail, joining L'Oréal's Executive Committee.
- In February 2024, L'Oréal announced the appointment of **Ezgi Barcenas** as Chief Corporate Responsibility Officer to continue the Group's environmental and societal transformation. She succeeds **Alexandra Palt** who will be leaving her responsibilities on April 1, 2024, having established, and anchored the foundations of this transformation during her 12 years with the Group. Alexandra Palt remains CEO and director of the L'Oréal Foundation.

Research, beauty tech and digital

- In March, the venture capital fund **BOLD (Business Opportunities for L'Oréal Development) invested in a biotechnology venture led by Geno**. The investment will contribute to the development of new sustainable ingredients derived from living organisms: harnessing Geno's biotechnology expertise, L'Oréal will replace traditional ingredients with biosourced alternatives, such as those produced from plant sugars. These new ingredients will be used in a range of L'Oréal's products, marking an essential step towards the Group's goals of 100% eco-designed products and 95% of ingredients in its formulas biosourced, derived from abundant minerals or circular processes by 2030.
- L'Oréal launched several **major biotech initiatives**. Its venture capital fund **BOLD invested in US biotech company Debut** to co-develop a platform of over 7,000 increasingly high-performing and more sustainable ingredients; the joint development program between L'Oréal and Debut aims to accelerate their go-to-market. It also announced a **partnership with Bakar Labs, the pioneering biotech incubator of University of California Berkeley**; the collaboration gives Bakar Labs' start-ups free access to L'Oréal's 3D-reconstructed skin models, an innovative tool for animal-free safety and efficacy testing.

(1) See paragraph 1.3.4.
(2) See paragraph 1.1.3.3.

- **At Viva Technology 2023, L'Oréal unveiled its latest Beauty Tech innovations:** inclusive solutions such as HAPTA, designed to enable people with hand motion disorders to apply makeup; diagnostic tools (SPOTSCAN, META PROFILER™, K-SCAN); personalised solutions (3D shu:brow); and sustainable solutions like *L'Oréal Professionnel's* WATER SAVER, which has saved over 66 million litres of water to date.
- **L'Oréal and Verily** – an Alphabet precision health tech company – also announced the **launch of My Skin & Hair Journey**, the world's largest, most diverse multi-year skin and hair health study. Involving thousands of women in the US, the study will help researchers better understand the biological, clinical and environmental factors that contribute to skin and hair health.
- At the **World Congress of Dermatology** (WCD) in Singapore, L'Oréal unveiled new research on pigmentation and the impact of hormonal variations on women's skin and scalp.
- On 22 September, L'Oréal's Venture Capital fund BOLD ("Business Opportunities for L'Oréal Development"), announced a **minority investment in Chinese biotech company Shinehigh Innovation**, to establish a long-term partnership for the co-development of innovative and sustainable beauty solutions.
- On 28 September, **Le Visionnaire – Espace François Dalle** was inaugurated. It is located at 14 rue Royale in central Paris, the site of L'Oréal's original headquarters (and the birthplace of the professional business). The 4,200 square metre space is dedicated to transmitting corporate culture, creativity, and inspiration – and to inventing the future of beauty**.**
- In November, L'Oréal presented its latest tech-enabled offerings and partnerships at the **sixth annual China International Import Expo (CIIE) in Shanghai**, one of the world's largest trade shows, with a record 18 beauty tech innovations spanning inclusive, sustainable and personalised Beauty Tech solutions.
- In November, L'Oréal announced an **industry-first partnership with Cosmo International Fragrances** to develop a Green Sciences-based extraction process to revolutionise the art of fine fragrance creation.
- In January 2024, Nicolas Hieronimus and Barbara Lavernos gave the Opening Keynote speech at CES in Las Vegas, making L'Oréal the first beauty company to be invited to do so. The Group won a record **seven CES Innovation Awards**.

ESG performance

- In March, **L'Oréal was again ranked among the world's most gender-equitable companies by Equileap**. L'Oréal was ranked number one in France in Equileap's 2023 Gender Equality Ranking and placed 11th globally among 3,500 companies in 23 countries. Since Equileap's launch six years ago, L'Oréal has been recognised in every ranking published.
- **L'Oréal has been recognised by the international organisation Ethisphere as one of the World's Most Ethical Companies for the 14th time.** The award recognises the Group's long-term commitment and its role as a leader in applying ethical principles to its sales practices, business and corporate culture.
- The rating agency **Sustainalytics granted "Industry Top Rated" status to L'Oréal in its 2023 ESG Risk Ratings**. With a score of 20.1, the Group is classified as a "Medium Risk" company and ranks the Group in fourth position within the "Personal Products" sub-industry and in the top 10 companies in the "Household Products" industry.
- **The Fragrance Foundation** has announced that it will honour **Nicolas Hieronimus, L'Oréal's Chief Executive Officer, with its prestigious Hall of Fame Award in New York in June 2023**. The award seeks to honour the extraordinary contribution of Nicolas Hieronimus to the fragrance industry for more than a decade, as well as his leadership and vision, reflecting the values of environmental responsibility, diversity, equity and inclusion promoted by the Foundation.
- L'Oréal was recognised by **Standard & Poor's Global** for its sustainability performance, with a solid **Environmental, Social & Governance (ESG) rating** of 85 points out of 100. The score underlines L'Oréal's sustainable transformation towards a more responsible and inclusive business model through the implementation of an ambitious sustainability strategy.
- At the **25th L'Oréal-UNESCO For Women in Science International Awards**, five women scientists were recognised for their outstanding work. A medal of honour and a financial endowment were also given to three researchers who have been forced to flee their country and have shown exemplary courage, resilience and commitment to science.
- To coincide with Earth Day, in April L'Oréal announced **three new projects supported by its Fund for Nature Regeneration**. **NetZero, ReforesTerra and Mangroves.Now** were chosen for their innovative approaches to soil carbon sequestration, reforestation and mangrove restoration as well as their potential to have a far-reaching, positive impact on the environment and local communities.
- L'Oréal featured on **Fast Company's 2023 list of 100 Best Workplaces for Innovators**, which recognises organisations around the world that demonstrate an inspiring commitment to encourage and develop innovation at all levels.
- In September, the Group announced **the creation of the €15 million L'Oréal Climate Emergency fund** to help vulnerable communities prepare for and recover from climate disasters through partnerships with local relief organizations and international NGOs. The new fund builds on L'Oréal's longstanding commitment to address growing humanitarian and environmental challenges, bringing its total commitment to more than €200 million.
- In September, L'Oréal was awarded the **EcoVadis Platinum Medal** for its environmental and social performance – with a score of 83/100. This puts L'Oréal in the top-1% of the world's best-performing companies (out of 100,000 assessed).

- In August, L'Oréal was ranked third in the "**Top 25 Most Diverse & Inclusive Companies**" by Refinitiv. The constituents of the Diversity & Inclusion Index include the most diverse and inclusive companies.
- L'Oréal is the only company in the world to have received for the eighth consecutive year a **triple 'A' score** from the global environmental nonprofit CDP. L'Oréal is recognized as part of companies leading the way in environmental transparency and demonstrating outstanding performance in addressing climate change, protecting forests and ensuring water security.
- L'Oréal and renowned companies from the beauty, scent and personal care sector gathered for the first time in the **Value of Beauty Alliance** to highlight the positive impact of the industry. The Alliance members presented in Brussels to key stakeholders from the European Union Institutions a new report titled 'What is the Value of Beauty?'.
- In January 2024, a consortium of 15 cosmetics industry companies, including L'Oréal Groupe, announced that they have joined forces to create the **TRaceability Alliance for Sustainable CosmEtics (TRASCE)** to enhance traceability in key ingredient and packaging supply chains across the industry.

Financial information

- On 16 March, the **2022 Universal Registration Document** was filed with the *Autorité des Marchés Financiers*. It is made available to the public according to the terms of the regulations in force and may be viewed on the www.loreal-finance.com website.

Finance

- In May, L'Oréal successfully completed **a bond issue totalling 2 billion euros,** the net proceeds of which will be used for general corporate purposes, in particular the acquisition of Aēsop.

2024 Outlook

As we head into 2024, we remain optimistic about the outlook for the beauty market, and confident in our ability to keep outperforming it and to achieve another year of growth in sales and profits.

More than ever, L'Oréal is looking to the future – a future that will have Beauty Tech at its very core. Beauty Tech will shape our industry and enable us to further strengthen our leadership. It will allow us to know our consumers ever-better, to bring them ever-more impactful and sustainable products and services and to become ever-sharper in our execution.

1.4.1.5. L'Oréal's investment policy responds to long-term objectives

L'Oréal is a growing manufacturing company thanks largely to two types of investments:

1. scientific and manufacturing investments, which are described in several sections (see sections 1.3.7. and 1.3.8.) ; and
2. marketing investments, which are made on an ongoing basis and are inherent to the Group's activities in the cosmetics industry. Indeed, winning new market share requires in-depth and situation-specific studies, as well as advertising and promotional expenses attuned not only to the familiarity of brands and their competitive position, but also to constant changes in consumers' aspirations – something that the subsidiaries' sales and marketing teams monitor constantly. Lastly, investments in point-of sale (POS) advertising materials ensure optimal presence for our brands in points of sale.

For reasons relating to strategy and competition, L'Oréal cannot therefore provide any systematic information on future investments.

In 2023, the Group's investments totalled €1,489 million, or 3.6% of its sales. This level reflects the Group's constant efforts to improve manufacturing efficiency, research and digital development performance and enhance brand value.

Investment commitments in 2023 can be broken down as follows : production and the physical supply chain represented approximately 24% of total investments; marketing investments, including moulds, POS advertising materials and stores accounted for 34%; IT investments spread over all these categories represented 23% of total investments; research and the head offices in the different countries accounted for the remainder[1]. Despite their strategic nature, none of these investments taken individually is material enough at Group level to warrant more detailed disclosure.

(1) *See notes 3.2.2., 7.2. and 14.2. to the "Consolidated Financial Statements" for more details on these investments.*

1.4.2. Corporate Social Responsibility (CSR): shared and lasting growth

Priority to Human Capital

As the Group's founder, Eugène Schueller, declared with conviction: "a company is not walls and machines but people, people and more people."

Employees are the driving force behind the Group and one of its major competitive advantages. They are working to roll out the Group's vision through its portfolio of brands, its governance, its research and innovation, data and technology in its transformation.

The Group's human and social project revolves around one vision: to offer its employees an inspiring, inclusive and innovative working environment, which places human beings at the heart of each of its decisions. This is reflected in particular in developing the individual and collective performances of its employees and investing in the skills of the future. This also relies on a working environment that promotes engagement and collective performance, where growth is shared with employees.

Social innovation is at the heart of this approach, particularly with the *Share & Care* programme, the *L'Oréal For All Generations* programme or the programmes to transform our working methods (*Simplicity 2* or *Best of Both*, the hybrid working policy).

L'Oréal has always targeted constant, sustainable growth.

Since its very beginnings, the Group has been committed to developing its presence in all regions of the world by applying the fundamental rules of a good corporate citizen. The products offered to consumers meet the highest quality standards; the Group's social commitments are the same in all its subsidiaries. Social audits are also carried out on suppliers.

As far as its resources allow, each subsidiary takes part in the financing of sponsorship initiatives in keeping with the key pillars of the Group's commitment to philanthropy. Above and beyond its solid long-term economic performances, L'Oréal seeks to be exemplary and sets itself demanding standards in order to limit its environmental footprint. All production centres comply with the same rules aimed at reducing their environmental footprint.

All these aspects are set out in more detail in subsection 4.3.2.

Focus: sharing growth with employees

The L'Oréal *Share & Care* programme is a large-scale social programme initiated in 2013. It consists of commitments revolving around four pillars that were enhanced in 2021 and 2023, and implemented in all countries: social protection, healthcare, work/life balance and the working environment.

Sharing value with employees includes the measures detailed in particular in paragraphs 4.3.2.4, "Creating conditions for a stimulating and attractive work environment" and 4.3.2.5. "Offering a motivating and competitive remuneration system", a remuneration policy that combines external competitiveness with internal fairness, rewarding both individual and collective performance; employee share ownership schemes; profit-sharing; employee benefit and pension schemes.

Sharing growth with other stakeholders

- **25,000** job opportunities for **under-30s**;
- in 2023, **93,165 people** accessed work through the Inclusive Sourcing, programme, which is 12,027 more than in 2020;
- nearly **2.5 million vulnerable women supported** via endowments from the L'Oréal Fund for Women;
- **€50 million** allocated to restore **degraded ecosystems** via the L'Oréal impact Fund for Nature Regeneration;
- **€12.6 million** spent so far out of a €50 million commitment to develop circular innovation solutions via the Circular Innovation Fund; and
- **€15 million** for the L'Oréal **Climate Emergency** Fund, intended to help vulnerable populations, supporting them in **prevention and rebuilding in the face of natural disasters**.

The sustainability goal for 2030: L'Oréal for the Future

Several years ago, L'Oréal began a profound and sustainable transformation of its operating model in all areas. In the firm belief that sustainability is an essential factor for success and durability, L'Oréal is deploying an ambitious corporate social responsibility policy, which is shared by its management and teams (see section 4.3.).

In June 2020, the second generation of its commitments to sustainability was launched under the umbrella of its programme **L'Oréal for the Future**, with a set of targets for 2030, in order to cover all the impacts associated with the Group's value chain: its production and distribution sites as well as its supply chains and the impacts associated with the use of products by consumers. L'Oréal for the Future marks a new ambition for the sustainability of L'Oréal with the intention to capitalise on previous achievements: the commitment from 2009 to reduce the environmental footprint of factories and distribution centres by 50% compared to 2005, then the Sharing Beauty With All programme launched in 2013 with sustainable production, sustainable innovation, sustainable consumption and shared growth targets for 2020, which has made sustainability one of the Group's key strategic pillars.

In 2015, L'Oréal undertook to define Science Based Targets (SBTs) to reduce its greenhouse gas emissions across its entire value chain and over the long term, in accordance with the Paris Agreement on climate change. In December 2017, the SBT initiative (SBTi) validated the Group's proposal: L'Oréal is committed to reducing greenhouse gas emissions on its Scopes 1, 2 and 3 by 25% in absolute value by 2030, compared with the 2016 baseline.

According to the revised requirements of the SBTi Net-Zero standard, in October 2023 the Group submitted its new 2030 and 2050 trajectory towards reducing its carbon intensity. When the Board of Directors approved the Management Report, L'Oréal was waiting for the SBTi to validate this new trajectory. This will be published in the 2024 Universal Registration Document.

L'Oréal for the Future: 2023 Results

The following table summarises the targets for the L'Oréal for the Future programme, the extent to which they were achieved in 2023 as well as a reminder of the results reported in 2022. Detailed information (policies, performance indicators, results etc.) is provided in chapter 4.

TRANSFORMING OUR BUSINESS

		2023 results / Outperformance / Objectives	Details
CLIMATE	**By 2030**, L'Oréal will cut its Scopes 1, 2 and 3 CO_2 emissions by 50% in intensity versus 2016[1].	-10% → -50% 2022 Results: -10%	4.3.1.4.1.
	By 2030, L'Oréal has set itself an overall Scopes 1, 2 and 3 CO_2 emissions reduction target of -25% in absolute terms versus 2016[1].	+0.8% → -25% 2022 Results: -5%	4.3.1.4.1.
	By 2025, we will reach 100% renewable energy for our operated sites[2] ▲.	91% → 100% 2022 Results: 89%	4.3.1.1.3
	By 2030, we will innovate to enable our consumers to reduce their greenhouse gas emissions resulting from the use of our products by 25% compared to 2016[3] [4], on average and per finished product.	-21% → -25% 2022 Results: -24%	4.3.1.3.1
	By 2030, we will reduce by 50%, on average and per finished product, the greenhouse gas emissions linked to the transport of our products, compared to 2016▲.	-9.7% → -50% 2022 Results: +6.7%	4.3.1.2.3
	By 2030, our strategic suppliers will reduce their direct greenhouse gas emissions (scopes 1 and 2) by 50% in absolute terms compared to 2016.	*The methodology used to calculate this indicator is currently being defined in collaboration with CDP.*	4.3.1.2.2
WATER	**By 2030,** we will evaluate all formulas thanks to our environmental test platform, to guarantee they are respectful of all aquatic ecosystems, whether continental or coastal.	*The methodology used to calculate this indicator was defined in 2023 and will be subject to a pilot for approval in 2024, allowing for roll-out between 2025 and 2026.*	4.3.1.3.1
	By 2030, we will innovate to enable our consumers to reduce by 25%, on average and per finished product, the water consumption linked to the use of our products, compared to 2017[4] [5].	+3% → -25% 2022 Results: +1%	4.3.1.3.1
	By 2030, all our factories will use 100% recycled and reused water in their industrial processes.▲.	14%[6] → 100% 2022 Results: 13%[6]	4.3.1.1.4.
	By 2030, all our strategic suppliers will use water sustainably in the areas where they operate.	*The methodology used to calculate this indicator is currently being defined in collaboration with CDP.*	4.3.1.2.2
BIODIVERSITY	**By 2030,** 100% of the biobased ingredients for formulas and packaging materials will be traceable and will come from sustainable sources, with none linked to deforestation▲.	**Biobased ingredients** 93%[7] → 100% 2022 Results: 92%[7] **Packaging** *The calculation methodology has been defined. The consolidated indicator is still being defined.*	4.3.1.3.1
	By 2030, the Group will ensure that the total land occupancy required to produce our ingredients remains the same as it was in 2019.	*The methodology used to calculate this indicator was updated in 2023 and is in the process of being rolled out.*	4.3.1.3.1
	By 2030, all of our industrial sites and all our operated buildings will have a positive impact on biodiversity, compared to 2019.	0%[8] → 100%	4.3.1.1.5

▲ These indicators are used to assess the performance of L'Oréal's Chief Executive Officer – see section 2.4. Remuneration of directors and corporate officers of this document.
(1) *In 2019, L'Oréal also joined the United Nations Business Ambition for 1.5°C initiative and made a commitment to reach net-zero CO_2 emissions by 2050.*
(2) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data".*
(3) *Unit used: TCO_2eq./kg of formulas sold.*
(4) *Methodology for calculating this commitment specified in chapter 4.*
(5) *Unit used: L/Kg of formulas sold.*
(6) *% of our factories that are Waterloop factories.*
(7) *Biobased ingredients for formulas that are traceable and sustainably sourced only.*
(8) *Site biodiversity score.*

2023 results / Outperformance / Objectives

RESOURCES

Commitment	2023 results	Objectives	2022 Results	Details
By 2030, 95% of our ingredients in formulas will be biobased, derived from abundant minerals or from circular processes▲.	65%	95%	61%	4.3.1.3.1
By 2030, 100% of the plastic used in our packaging will be either from recycled or biobased sources (we will reach 50% by 2025)▲.	32%	100%	26%	4.3.1.3.1
By 2030, we will reduce by 20% in intensity the quantity of packaging used for our products, compared to 2019.	-4%	-20%	-3%	4.3.1.3.1
By 2025,100% of our plastic packaging will be refillable, reusable, recyclable or compostable.	44%	100%	38%	4.3.1.3.1
By 2025, 100% of our new displays will be eco-designed(4).	99%	100%	97%	4.3.1.3.1
By 2025, 100% of our new Free Standing Stores will be designed and built following our principles of sustainability(4).	78%	100%	50%	4.3.1.3.1
By 2030, 100% of the waste generated in our sites will be recycled or reused(9).	61%	100%	61%	4.3.1.1.6

EMPOWERING OUR ECOSYSTEM IN OUR TRANSFORMATION

Commitment	2023 results	Objectives	2022 Results	Details
By 2030, 100% of our strategic suppliers' employees will be paid at least a living wage covering their basic needs and those of their dependents, calculated in line with best practices.	*Defined in 2021, the methodology used to calculate this indicator was piloted in 2022 and is in the process of being rolled out from 2023.*			
By 2030, we will have helped 100,000 people from disadvantaged communities gain access to employment▲(4).	37,284	100,000 people	17,827	4.3.3.6
By 2030, 3 million people will benefit from our brands' social engagement programmes(4).	> 4 million(10) (outperformance)	3 million	> 2,5 m	4.3.1.3.2
By 2030, all Group products will be eco-designed▲(11) (12).	96%	100%	97%	4.3.1.3.1

CONTRIBUTE TO SOLVING GLOBAL CHALLENGES

Commitment	2023 results	Objectives	2022 Results	Details
By 2026, we will have allocated €80 million to support the most vulnerable women via the L'Oréal Fund for Women.	55 million(13)	80 million	41 million(14)	4.3.3.7.4
By 2030, the L'Oréal Fund for Nature Regeneration will have invested €50 million to help restore 1 million hectares of degraded ecosystems.	27 million	50 million	22 million	4.3.1.5.2
By 2030, L'Oréal Fund for Nature Regeneration will have helped capture 15 to 20 million tonnes of CO_2 and we will have created hundreds of jobs.	*The impacts in terms of CO_2 and job creation will be measured and published once the projects have reached maturity.*			4.3.1.5.2
By 2030, we will have invested €50 million to finance projects that will help promote a more circular economy, via the Circular Innovation Fund.	12.6 millions(15)	50 millions	The Fund has been constructing and deploying its investment portfolio since 2022.	4.3.1.5.1
By 2026, we will have allocated €15 million to increase the resilience of vulnerable communities in the face of climate disasters via the L'Oréal Climate Emergency Fund.	5 million	15 million		4.3.1.5.3

(9) *Industrial sites.*
(10) *I.e. over 7 million since 2020. Following the achievement of this objective in 2023, a new objective has been set from 2024: 2 million people will benefit from our brands' social engagement programmes each year.*
(11) *Basis of calculation representing 72% of all projects, excluding items considered to be irrelevant, such as ad hoc animation and promotion products and regulatory compliance leading to changes that are not visible to consumers.*
(12) *Eco-designed products are new or updated products that have an improved environmental profile.*
(13) *All of the initial allocation of €50 million was paid in 2023. In 2023, the Fund was extended for an additional three years, with an endowment of €30 million.*
(14) *In 2022, L'Oréal allocated €41 million to the L'Oréal Fund for Women, €30.8 million of which was distributed to charitable organisations in 2022, with the rest distributed in 2023.*
(15) *Amount committed by L'Oréal in the Circular Innovation Fund.*

1.5. Internal Control and risk management system

The Group operates in a constantly changing environment. Like any company, L'Oréal is necessarily exposed to risks which, if they were to materialise, could have a negative impact on its business activities, its financial position and its assets, particularly in terms of reputation and image.

In order to ensure the sustainability of its development and the achievement of its objectives, the Group strives to anticipate and manage the risks to which it is exposed in its different areas of activity.

L'Oréal's risk management consists of identifying, assessing and controlling risks that may affect the smooth running of the Company. It also participates in the Group's development by promoting the good use of resources to minimise the impact of negative events and maximise the realisation of opportunities.

By contributing to preventing and managing the risks to which the Group is exposed, the purpose of the Internal Control system is to enable the Group's manufacturing and economic development to take place in a steady and sustainable manner in a control environment appropriate for the Group's businesses.

Internal Control is a system that applies to the Company and its consolidated subsidiaries and aims at ensuring that:

- economic and financial targets are achieved in compliance with the laws and regulations in force and the Group's Ethical Principles and standards;
- the orientations set by General Management are followed;
- the Group's assets and reputation are valued and protected; and
- the Group's financial and accounting information is reliable and provides true and fair statements.

The control environment, which is critical to the Internal Control system, good risk management and the application of procedures, is based on behaviour, the organisational structure and employees. At L'Oréal, it forms part of a culture of rigour and commitment communicated by senior management and in line with the Group's strategic choices.

Risk management and Internal Control is everyone's business, from the governance bodies to all employees.

The Internal Control system is the subject of ongoing supervision in order to verify whether it is relevant and meets the Group's objectives and addresses its issues.

Chapter 3 provides detailed information on identifying and managing the most significant risks from the point of view of investment decision-making, within the meaning of the regulations. These risks are listed in the table below.

Major risks to which the Group believes it is exposed

		Residual importance
Business risks	Information and cybersecurity systems*	Significant
	Geographic presence and economic and political environment*	Significant
	Sanitary crisis*	Significant
	Reputational crisis management	Moderate
	Data	Moderate
	Market and Innovation	Moderate
	Business ethics	Moderate
	Evolution of sales channels	Moderate
	Human Resources risk	Low
	Product quality and safety	Low
	The safety of people and property	Low
Industrial and environmental risks	Product availability*	Significant
	Climate change	Significant
	Environment and safety	Low
Legal and regulatory risks	Non-conformity*	Moderate
	Intellectual property: trademarks, designs & models, domain names, patents	Low
	Product claims	Low
Financial and market risks	Inflation and currency risk*	Moderate
	Risk on financial equity interests	Low
	Risk relating to the impairment of intangible assets	Low

* *Most material risks in each category.*
Residual importance: Low *Moderate* *Significant*

2

Corporate governance AFR

AFR *This information is an integral part of the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code.*

This chapter reports the conditions under which the Board of Directors' work is prepared and organised and includes a summary of the principles of organisation that guarantee a balance of powers. It includes the complete text of the Internal Rules of the Board of Directors. All components of the remuneration of directors and corporate officers are provided, as is the trading in L'Oréal shares reported by directors and corporate officers in 2023, and the remuneration policy pursuant to Article L. 22-10-8 of the French Commercial Code.

2.1. Framework for the implementation of corporate governance principles

2.1.1. AFEP-MEDEF Code: the reference Code

The Code of Corporate Governance to which the Company refers is the AFEP-MEDEF Code.

This chapter includes[1] a specific section of the Management Report on corporate governance and reports on the following, in particular:

- the Board's composition and application of the principle of balanced gender representation on the Board;
- the ways in which the Board's work is prepared and organised;
- the compensation policy for directors and corporate officers;
- information relating to the remuneration and benefits of any kind for directors and corporate officers during the previous financial year pursuant to Article L. 22-10-9 of the French Commercial Code; and
- limitations placed by the Board of Directors on the powers of the Chief Executive Officer.

The other information included in the particular section of the Management Report dedicated to corporate governance is published in chapter 7, specifically:

- the table summarising the authorisations in force granted by the Annual General Meeting (see subsection 7.2.2.);
- the special rules for shareholder participation in the Annual General Meeting or the provisions of the Articles of Association providing for these rules (see subsection 7.1.4.); and
- the elements with the potential to have an impact in the event of a public offer for the purchase or exchange of the Company's securities (see section 7.3.).

In accordance with the recommendations of the AFEP-MEDEF Code, this chapter identifies, in a summary table, those provisions of this Code which were not applied and explains the reasons for that choice (see section 2.5.).

2.1.2. Balance of power within the Board of Directors

2.1.2.1. General Management procedures: Separation of the functions of Chairman of the Board and Chief Executive Officer

L'Oréal has a method of corporate governance that is suited to its specificities and is part of a constant quest for progress. The procedures for exercising the General Management of L'Oréal have always been decided in the best interest of the Company and with the constant concern that the mode of governance chosen will make it possible to optimise the Group's performance and to create the most favourable conditions for its long-term development.

Between 2006 and 2011, the duties of Chairman of the Board of Directors and those of Chief Executive Officer were separated, with Sir Lindsay Owen-Jones assuming the functions of Chairman and Mr Jean-Paul Agon those of Chief Executive Officer. In 2011. The Board of Directors decided to merge these positions and to appoint Mr Jean-Paul Agon as Chairman of the Board of Directors responsible for the Company's General Management (Chairman and Chief Executive Officer of L'Oréal), roles that he held until 30 April 2021.

The Board of Directors decided to separate the functions from 1 May 2021, appoint Mr Nicolas Hieronimus as Chief Executive Officer and renew Mr Jean-Paul Agon's mandate as Chairman. The Board reiterated this decision on 21 April 2022 on the occasion of the renewal of term of office as a Director of Jean-Paul Agon.

Mr Nicolas Hieronimus joined L'Oréal 36 years ago. He held various positions in marketing before being named to General Management (L'Oréal Paris France, L'Oréal Paris World and L'Oréal Mexico). In 2008, he was appointed General Manager of the Professional Products Division and joined the Executive Committee. In January 2011, he was appointed Chief Executive Officer of L'Oréal Luxe, a role that he held until the end of 2018. In 2013, he became President of the Selective Divisions (Luxe, Active Cosmetics, Professional Products). He was named Deputy CEO in charge of Divisions in May 2017.

This structure seeks to ensure the sustainability of the Group's performance, values and commitments, as well as the quality of its governance.

(1) *In accordance with the provisions of Article L. 225-37, section 6 of the French Commercial Code.*

The Board of Directors and Mr Nicolas Hieronimus benefit from Mr Jean-Paul Agon's successful and recognised experience in both positions. The Board of Directors can count on his expertise in matters of governance to meet the growing expectations of the Group's stakeholders.

Mr Nicolas Hieronimus provides his expertise in the cosmetics market and his intimate knowledge of L'Oréal, as well as his vision of the future of Beauty, to implement the strategic orientations of years to come, take advantage of all the opportunities offered by a fast-changing world, adapt the Group and reinvent it in keeping with its values, commitments and purpose (raison d'être) to "Create the beauty that moves the world".

2.1.2.2. Key role of the composition and functioning of the Board of Directors

A harmonious composition

The balance of powers on the Board of Directors principally rests on its coherent and harmonious composition and on the qualities of its Directors.

At 31 December 2023, the Board of Directors is made up of the Chairman and Chief Executive Officer, three Directors (one of whom is Vice-Chairman of the Board) from the Bettencourt Meyers family, two Directors (one of whom is Vice-Chairman of the Board) linked to Nestlé, seven independent Directors and two Directors representing the employees.

Thus 50% of the Board are independent Directors[1], who are highly committed and fully play their role given their backgrounds and experience. They all hold responsibilities at the highest level in major international groups, which allows them to understand all the dimensions of L'Oréal's operations, clarify Board discussions and interact effectively with General Management.

All Board members participate in the discussions and are a driving force for ideas. The diversity and complementarity of experience and expertise of the directors, with their entrepreneurial and international backgrounds and their skills in financial matters and sustainability, give them a rapid and in-depth understanding of the development challenges facing L'Oréal. This is essential for L'Oréal, the leader in a globalised and highly competitive cosmetics market where the demands for innovation and adaptation are very high.

Specialised active and effective Committees of the Board

The establishment of Board Committees, their composition and responsibilities contribute to a good balance of power and are a point of attention for the Board of Directors. In fact, the Board has set up specialised committees to help all Directors carry out their main duties collectively. The term of office, composition and operating procedures of the Board are defined in its Internal Rules, which are published by the Board of Directors (see 2.3.3.).

All Committees have a high number of independent Directors: 60% for the Audit Committee and the Human Resources and Remuneration Committee, and 50% for the Nominations and Governance Committee. The Chairman of each of these Committees is independent. Only the Strategy and Sustainability Committee, the organisation of which is not regulated, is chaired by a non-independent Director within the meaning of the AFEP-MEDEF Code: the Chairman of the Board of Directors. The Chief Executive Officer is not a member of any Committee.

These committees are completely free to draw up their respective agendas. They report on their work to the Board of Directors, whose meetings they prepare and to which they make proposals.

As part of its review of its activities at the end of 2023, the Board again emphasised the quality of the work and recommendations of its Committees, which helped to inform its decisions.

Executive sessions

Since 2019, the Board of Directors has met in executive sessions, at one or two meetings per year.

The Board considers that these meetings, which are not attended by any corporate officers or any employees of the Group, contribute to good governance. Initially attended by the Chairman of the Board, executive sessions then continue without him.

Regular evaluation of the organisation and functioning of the Board

As part of the annual assessment of the way the Board operates, each year Directors set themselves new objectives to improve the quality of their organisation. They seek to achieve optimum effectiveness and ensure that they have the necessary assets to carry out their duties successfully and with complete freedom to act.

Attentive prevention of conflicts of interest

The Directors are required to act in all circumstances in the interest of the Company and of all its shareholders. Every year, the Board of Directors assesses the situation of the Directors using the conflict of interest prevention process. Each Director has the obligation to report potential conflicts of interest which could concern him/her and, in any event, must abstain from participating in the corresponding debates and deliberations.

2.1.2.3. Relationships between the Board and General Management

Powers and duties of the Chief Executive Officer

The Internal Rules of the Board of Directors stipulate that the Chief Executive Officer is granted the broadest powers to act in all circumstances in the name of the Company, in compliance with the limits set by the Board; however, transactions of a significant amount or falling outside the Company's normal course of business are submitted to the Board of Directors (see article 1.2.2. of the Board's Internal Rules).

Mr Nicolas Hieronimus exercises these powers within the limit of the Company's purpose subject to the powers expressly granted by French law to Annual General Meetings and the Board of Directors. He represents the Company in its dealings with third parties.

The Chief Executive Officer communicates completely transparently with all the Directors and keeps them regularly informed of all aspects of the Company's affairs and its performances. He is required to provide each Director with all documents and information required to perform their remit. More specifically, the Chief Executive Officer provides the Board members with useful information in connection with the preparation of meetings, or at any time during the life of the Company if the importance or urgency of the information

(1) *Excluding Directors representing the employees in accordance with the AFEP-MEDEF Code.*

so requires, enabling the Board to manage with complete freedom the issues that concern it. This provision of ongoing information also includes any relevant information concerning the Company, and in particular press articles and reports containing financial analysis. The Chief Executive Officer gives the Board and its Committees the possibility to meet with the senior managers of L'Oréal within the strict framework of their remits and duties. In consultation with the Chief Executive Officer, the Board and the Committees may use external consultants if they consider it necessary.

The Board provides the General Management with invaluable support for strategic decision-making through its reflections and the impetus it provides.

Duties of the Chairman of the Board of Directors

The Internal Rules of the Board stipulate the following duties of Mr Jean-Paul Agon, in his capacity as Chairman of the Board of Directors: *"The Chairman of the Board of Directors organises and oversees the Board's work and reports thereon to the Annual General Meeting.*

The Chairman sets the dates and the agenda for Board meetings and leads the discussions.

The Chairman is actively involved in defining the Company's growth strategy and encourages and strengthens, inter alia, links between the Company and the main market players. The Chairman oversees the work of the Company's bodies responsible for corporate governance and ensures, in particular, that the Directors are able to perform their duties. He may ask for the communication of any document or information that is likely to assist the Board of Directors in preparing for its meetings.

The Chairman of the Board must use his best efforts to promote the values and image of the Company at all times. He expresses his views in that capacity.

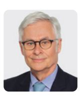
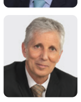
He is provided with the material resources required to perform his duties.

The Chairman of the Board takes care to develop and maintain a trustful and regular relationship between the Board and the General Management, in order to guarantee continuous, ongoing implementation by the General Management of the strategies defined by the Board".

The Board decided to broaden the Chairman's remit to take account of Mr Jean-Paul Agon's experience and expertise, as well as his in-depth knowledge of the Group and the beauty market. In all these specific missions, the Chairman acts in close collaboration with the Chief Executive Officer who alone directs and manages the Company's operations. Mr Jean-Paul Agon, as Chairman of the Board of Directors, provides his assistance and advice to the Chief Executive Officer, particularly in the implementation of the strategic orientations of the Company defined by the Board:

- he is informed and consulted by the Chief Executive Officer on all significant issues and events, such as proposed acquisitions or disposals, major financial transactions, financial communication, the guidelines of the Human Resources policy and appointments of the Group's principal executives, Ethics and issues of Corporate Social Responsibility;
- he monitors, in collaboration with the Chief Executive Officer, certain equity interests, including L'Oréal's stake in Sanofi;
- in collaboration with the Chief Executive Officer, he can represent the Group in its high-level relations, both nationally and internationally, including with public authorities, and L'Oréal's strategic partners and stakeholders;
- he ensures respect for L'Oréal's values and culture;
- he can hear the Statutory Auditors for the preparation of the work of the Board and the Audit Committee;
- he chairs and leads the Strategy and Sustainability Committee;
- he meets with the members of the Board outside the presence of Directors belonging or reporting to General Management; these meetings serve as an opportunity to discuss the performance and remuneration of executive corporate officers; and
- he reports to the Board on the performance of his mission.

2.2. Composition of the Board at 31 December 2023

	At 31 December 2023		Age	Female/Male	Nationality	No. of directorships in listed companies*	Independence	Initial appointment date	Expiry date of term of office (AGM)	Seniority on the Board (years)	Board Committees: Strategy and Sustainability	Board Committees: Audit	Board Committees: HR and Remuneration	Board Committees: Nominations and Governance
Chairman	Mr Jean-Paul Agon		67	M	French			25/04/2006	2026	17	C			
Chief Executive Officer	Mr Nicolas Hieronimus		59	M	French			20/04/2021	2025	2				
Françoise Bettencourt Meyers and her family	Ms Françoise Bettencourt Meyers **Vice-Chair**		70	W	French			12/06/1997	2025	26	●		●	●
	Mr Jean-Victor Meyers		37	M	French			13/02/2012	2024	11	●			
	Mr Nicolas Meyers		35	M	French			30/06/2020	2024	3		●		
Directors linked to Nestlé	Mr Paul Bulcke** **Vice-Chairman**		69	M	Belgian Swiss	1		20/04/2017	2025	6	●		●	●
	Ms Béatrice Guillaume-Grabisch		59	W	French			20/04/2016	2024	7		●		
Independent Directors	Ms Sophie Bellon		62	W	French	1	♦	22/04/2015	2027	8			C	●
	Mr Patrice Caine		53	M	French	1	♦	17/04/2018	2026	5	●			C
	Ms Fabienne Dulac		56	W	French	1	♦	18/04/2019	2027	4		●	●	
	Ms Belén Garijo		63	W	Spanish	2	♦	17/04/2014	2026	9			●	
	Ms Ilham Kadri		54	W	French Moroccan	2	♦	30/06/2020	2024	3		●		
	Ms Virginie Morgon		54	W	French		♦	26/04/2013	2025	10		C		
	Mr Alexandre Ricard		51	M	French	1	♦	20/04/2021	2025	2	●			
Directors representing employees	Mr Thierry Hamel		69	M	French			21/04/2022	2026	1			●	
	Mr Benny de Vlieger		59	M	Belgian			21/04/2022	2026	1		●		

57.8 YEARS
average age of Directors

50%
independent Directors***

50%
female Directors***

50%
male Directors***

♦ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors* ● *Member of the Committee* **C** *Chairman of the Committee*
* *Number of directorships (excluding L'Oréal) held in listed companies, including foreign companies, in accordance with the provisions of Article 20 of the AFEP-MEDEF Code (i.e. excluding directorships held in subsidiaries and affiliates, held alone or in concert, by an executive corporate officer of companies whose main activity is to acquire and manage such affiliates).*
** *Mr Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017.*
*** *Excluding Directors representing the employees in accordance with the French Commercial Code* (Code de commerce) *and the AFEP-MEDEF Code.*

2.2.1. Guiding principles

2.2.1.1. Balance in the composition of the Board of Directors

At 31 December 2023, the Board of Directors comprised 16 members.

Its composition is balanced with, in addition to the Chairman of the Board and the Chief Executive Officer, seven independent Directors, three Directors from the Bettencourt Meyers family, which holds 34.73% of the share capital, two Directors linked to Nestlé, which holds 20.13% of the share capital[(1)], and two Directors representing the employees.

2.2.1.2. Diversity policy applied to the Board of Directors: experienced Directors who complement one another

As it does every year, the Board considered the issue of the desirable balance of its members and that of its Committees (balanced representation of men and women, ages, qualifications and professional experience, nationalities and international profiles).

The Directors of L'Oréal come from different backgrounds. They complement one another due to their different professional experience, their skills and their international exposure.

The Board is attentive to maintaining a balance between Directors with historical knowledge of the Company and Directors who have joined the Board more recently.

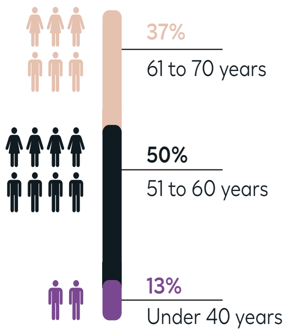
SUMMARY TABLE OF THE DIVERSITY POLICY APPLIED TO THE BOARD OF DIRECTORS

Criteria	Policy and objectives	Means of implementation and outcomes achieved in financial year 2023
Age and seniority of Directors	Search for generational balance beyond compliance with the Internal Rules: • no more than one-third of Directors over the age of 70; and • in principle, it is agreed that Directors must resign from the Board before the Annual General Meeting following their 73rd birthday. Other than the age of Directors, search for balanced distribution in terms of seniority on the Board.	Directors are aged between 35 and 70, with an average age of 57.8. The Board considers that its composition is balanced, with Directors with long-standing knowledge of L'Oréal and Directors who have joined more recently.
Gender balance **Representation of men and women**	Compliance with the Copé-Zimmermann law which provides for a minimum of 40% of Directors of the same gender on Boards. Desire to maintain gender balance of around 50% on the Board. Gender balance in the Committees.	The Board believes that the proportion of 50% of female Directors perfectly meets the obligations for a balanced representation of women and men on the Board of Directors. Two out of four Committees are chaired by women (Audit Committee and Human Resources and Remuneration Committee).
Nationalities **International profiles**	Recruitment of international profiles: • search for Directors of foreign nationality or international culture; and/or • having international experience in L'Oréal's strategic markets.	The Board has five different nationalities (Belgian, Spanish, French, Moroccan, and Swiss). The majority of Directors have international careers and responsibilities. Five Directors are based outside France.
Qualifications and professional experience	Search for complementarity in the experience of Directors. Definition of a base of skills and expertise shared by all Directors. Skills related to L'Oréal's strategy and development objectives.	The Nominations and Governance Committee has identified a set of skills and expertise, validated by the Board. (See below)

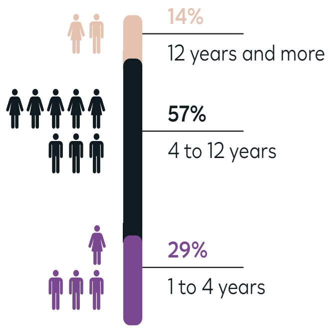
(1) *The breakdown of L'Oréal's share capital at 31 December 2023 is shown in chapter 7.*

SITUATION AT 31 DECEMBER 2023

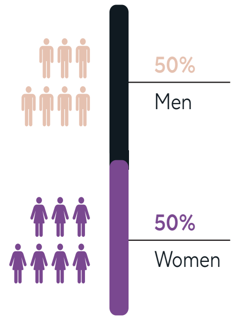
BREAKDOWN BY AGE



SENIORITY IN OFFICE*



BREAKDOWN BY GENDER*



* *Excluding Directors representing the employees.*

QUALIFICATIONS AND PROFESSIONAL EXPERIENCE OF THE DIRECTORS

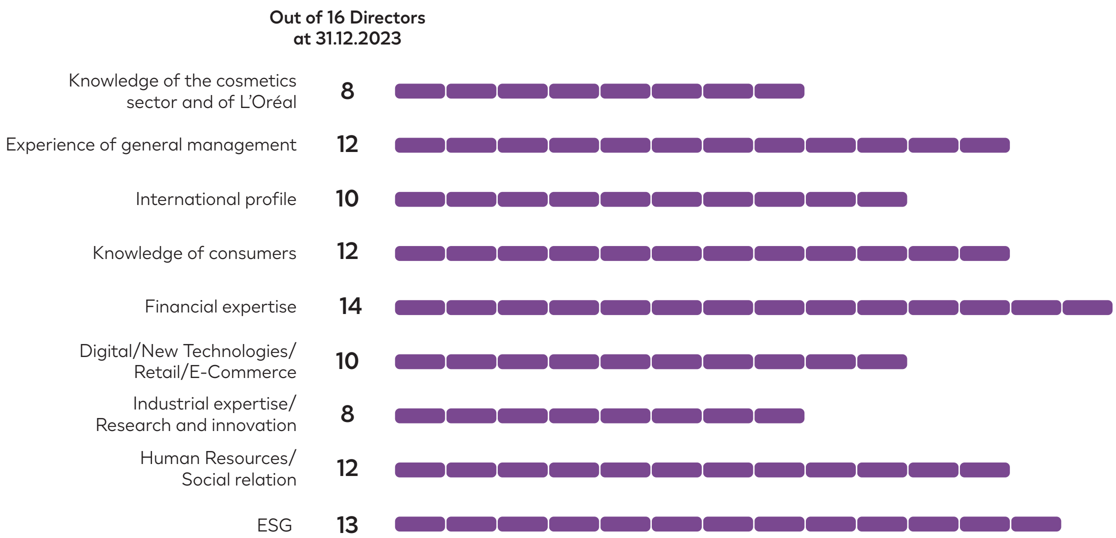
Skills base and shared expertise

All L'Oréal Directors provide the Board of Directors with:

- Good judgement
- Ethics
- Concern for the interests of the Company
- Strategic vision
- A sense of innovation and entrepreneurship
- International experience
- Experience in the functioning of governance bodies

Skills related to the strategy and development objectives of L'Oréal

L'Oréal's Directors complement one another on account of their different professional experience and business undertakings. Their individual skills and expertise cover the areas indicated in the chart below.



With their complementary expertise and freedom of judgement, the Directors collectively ensure that the measures adopted contribute to the implementation of L'Oréal's strategy.

The topics falling within the remit of the Board of Directors are becoming broader and more complex, with ESG issues forming an integral part of L'Oréal's strategy and encompassing all sectors of the business. Consequently, it is essential that we continue to rely on competent Directors who are committed to sustainability issues and who, on the basis of the technical support provided by L'Oréal experts, are able to make an active contribution to defining the Group's strategic vision.

In ESG matters specifically, three priority skills areas have been identified: experience in developing the ESG strategy of an international group, experience of governance and business ethics, and societal commitment, including philanthropy.

The variety and wealth of Directors' experience should enable the Board to address ESG issues from a collective, overarching perspective, and to consider them in depth, with the help of internal and external experts (Independent Third-party Organisations, external consultants through specific learning sessions, for example).

By way of an illustration, supervision of the climate strategy presupposes the ability to rely on subject-matter experts for an understanding of climate science in order to be able to examine the strategic implications of the main drivers identified for reducing carbon intensity, such as the packaging strategy, formulas, supply chain (in terms of supplier engagement), and advertising elements such as digital marketing etc.

The inherent skills of each Director are identified to ensure complementarity so that the Board can operate as a collegiate body, on the basis of collective intelligence. These skills are supplemented by a dedicated learning plan to ensure L'Oréal's specific characteristics are fully understood and they are nurtured further by high-level presentations at Board and Committee meetings.

The above table gives an overview of the skills matrix for Directors. As a result, the Board is made up of a rich range of experience in various business sectors and expertise in various fields, which means it is able to meet the strategic and performance challenges L'Oréal faces. Moreover, regardless of their individual nationalities, nearly two-thirds of the Directors have spent part of their careers working abroad.

This skills matrix is monitored and reviewed by the Nominations and Governance Committee and by the Board of Directors, with particular regard to determining the profiles to be identified when the composition of the Board changes. This ensures that the Committee is able to adopt both a short-to-medium- and long-term forward-looking vision (12 years maximum, in accordance with the AFEP-MEDEF Code's independence requirements) to develop skills that are in keeping with the Company's strategic orientations and that complement or strengthen those already present on the Board. In this way, the Board is provided with the key skills identified in the matrix on an ongoing basis. The Directors also assess this themselves as part of the annual evaluation of the Board.

SELECTING NEW DIRECTORS

The procedure for selecting new Directors is described in Article 5.3.1. of the Internal Rules of the Board of Directors, which is reproduced in full in subsection 2.3.6.

Selection process for new independent Directors appointed by the Annual General Meeting

Profile	Applications	Selection	Appointment
Definition of the profile sought by the Nominations and Governance Committee (NGC) in terms of: • the medium- to long-term projection of the Board's composition • the skills and experience sought to complement that of the existing Directors, with a special emphasis on ESG skills; • the professional and personal qualities sought; and • gender equality.	• Selection of a recruitment firm. • Discussions and review within the NGC. • Establishment of a list of candidates to be submitted to members of the NGC.	• Discussion of the proposed profiles: match with the identified needs, checking with rules of the AFEP-MEDEF code (number of directorships held simultaneously, independence). • Individual meetings with the Chairman of the Board and each member of the NGC. • Discussion at the NGC meeting with a view to submitting a recommendation to the Board.	• Approval by the Board of the draft resolution concerning the appointment of a new Director at the Annual General Meeting.

2.2.1.3. Two Directors representing the employees since July 2014

Two Directors representing the employees are members of the Board of Directors. Their experience as employees gives these two Directors an in-depth understanding of the business and the risks it faces, meaning they can enhance Board discussions in the interests of sustainable and long-term governance.

Mr Thierry Hamel has been appointed Director representing the employees by CFE-CGC union. He is a Project Manager – Sales Excellence & Vocational Learning in the Professional Products Division in France.

Mr Benny de Vlieger has been appointed Director representing the employees by the European Work Council *(Instance Européenne de Dialogue Social)*. He is a Sales Representative for the Consumer Products Division in Belgium.

Their four-year terms of office began at the end of the Annual General Meeting of 21 April 2022. As soon as they take up their office, the Directors representing employees, just like all L'Oréal Directors, received support in the form of dedicated meetings with, in particular, the Chairman of the Board, the Chief Executive Officer, the Chairman of the Nominations and Governance Committee and the Secretary of the Board of Directors.

Directors representing L'Oréal employees are entitled to learning and are offered a personalised programme so they can supplement their knowledge of the business, understand the new requirements of a tenure as Director and make preparations to join one of the Board's special committees.

After a one-year induction period to familiarise them with the way the Board operates and the major challenges facing the Company, Mr Thierry Hamel and Mr Benny de Vlieger joined the Human Resources and Remuneration Committee and the Audit Committee respectively after the Annual General Meeting of 21 April 2023.

Directors representing employees are remunerated for their position according to the same distribution rules as other Directors. The components of their remuneration as employees are not published.

2.2.1.4. Independent Directors

All the Directors of L'Oréal have freedom of judgement

The balance of powers on the Board is ensured through a very precise definition and sharing of the tasks to be carried out by everyone. All the Directors receive information on an ongoing basis and have suitable means for the exercise of their duties. They all have a duty of vigilance and participate, in total independence, in the decisions and work of the Board and, where applicable, its Committees. They are all required to comply with the rules in force with regard to conflicts of interest.

The Directors who qualify as independent under the criteria defined by the AFEP-MEDEF Code

A member of the Board is considered independent when he/she does not maintain any relationship of any kind with the Company, its Group or its Management which could interfere with his/her freedom of judgement. With this in mind, the criteria that guide the Board in determining whether a member can qualify as independent are the following criteria specified by the AFEP-MEDEF Code:

- the member must not be an employee or executive corporate officer of the Company, an employee or executive corporate officer or Director of a company that is consolidated by the Company, or an employee or executive corporate officer or Director of its parent company or of a company consolidated by that parent company and must not have held any of these positions during the previous five years;
- the member must not be an executive corporate officer of a company in which the Company directly or indirectly holds the tenure as Director or in which an employee designated as such or an executive corporate officer of the Company (either currently or having performed such duties within the last five years) holds a tenure as Director;
- the member must not be a customer, supplier, investment banker, financial banker, or advisor significant to the Company or its Group, or for whom the Company or its Group represents a significant proportion of business;
- the member must not have any close family ties to a director or corporate officer;
- the member must not have been the Company's Statutory Auditor over the previous five years; and
- the member must not have been a Director of the Company for more than twelve years.

At its meeting held on 8 February 2024, the Board of Directors examined, on a case-by-case basis, the situation of each of the members concerned in light of the independence criteria provided for in the AFEP-MEDEF Code.

	Not an employee or executive corporate officer	No cross-directorships	No significant business relationships	No family links	Not a Statutory Auditor	Not a Director for more than 12 years	Classification adopted
Ms Sophie Bellon	yes	yes	yes	yes	yes	yes	Independent
Mr Patrice Caine	yes	yes	yes	yes	yes	yes	Independent
Ms Fabienne Dulac	yes	yes	yes	yes	yes	yes	Independent
Ms Belén Garijo	yes	yes	yes	yes	yes	yes	Independent
Ms Ilham Kadri	yes	yes	yes	yes	yes	yes	Independent
Ms Virginie Morgon	yes	yes	yes	yes	yes	yes	Independent
Mr Alexandre Ricard	yes	yes	yes	yes	yes	yes	Independent

Based on the work carried out by the Nominations and Governance Committee, the Board of Directors analysed on 8 February 2024, as it does every year, whether any business relationship exists with these Directors. Business relationships refer to the financial flows that took place during financial year 2023 between L'Oréal and companies in which the Directors who qualify as independent also hold an office or position. As to the significance of the business relationship, and in keeping with French Financial Markets Authority (AMF) recommendations, the Board of Directors carried out a quantitative and qualitative analysis, adopting a wide multi-criteria approach (duration and continuity, importance of the business relationship for L'Oréal and the Director, and organisation of the relationship). Following this analysis, the Board concluded there was no significant business relationships.

In summary, on 31 December 2023, seven members of the Board of Directors out of 14 (excluding the Directors representing the employees in accordance with the AFEP-MEDEF Code) qualify as independent (i.e. 50% of the Board of Directors). It is specified that the following are not considered to be independent: Mr Jean-Paul Agon (former executive corporate officer for less than five years and Director since 2006); Mr Nicolas Hieronimus (executive corporate officer); Ms Françoise Bettencourt Meyers, Mr Jean-Victor Meyers and Mr Nicolas Meyers (Bettencourt Meyers family holding 34.73% of the share capital); Mr Paul Bulcke and Ms Béatrice Guillaume-Grabisch (Nestlé holding 20.13% of the share capital).

2.2.1.5. Responsible Directors

Within the scope of French law and the rights and obligations of the Directors as defined in the Internal Rules of the Board of Directors of L'Oréal, and in accordance with the AFEP-MEDEF Code, Directors are subject to compliance with the rules in force with regard to conflicts of interest and stock market ethics upon their appointment as a Director and throughout their term of office.

Selection of responsible Directors

Directors are appointed, subject to approval from the Annual General Meeting, following a selection process. This process determines the Director profiles required by the Company in terms of skills, qualifications and experience needed to complement those of the Directors already appointed. Issues such as candidates' availability, numbers of directorships held and independence are also considered (see 2.2.1.2.). Particular attention is also paid to directorships held in other companies; Directors are required to devote the necessary time and attention to their duties and limit the number of their directorships to ensure their availability (article 3.3. of the Internal Rules of the Board).

When joining the Board of Directors, each Director receives a copy of the Internal Rules of the Board and the Articles of Association of L'Oréal, the Stock Market Code of Ethics, the Code of Ethics etc. These codes adopted by the Company serve as a frame of reference for Directors in terms of the standards required by L'Oréal in this area. As soon as they take up their office, Directors will also receive support in the form of dedicated meetings with, in particular, the Chairman of the Board, the Chief Executive Officer, the Secretary of the Board and the Chairman of the Nominations and Governance Committee.

Members of the Board of Directors require the necessary objectivity to make an independent judgement on the conduct of the Company's business. The balance of powers established within the Board allows its members to exercise independent judgement. The Board is composed of:

- the Chief Executive Officer, who directly contributes to the work, discussions and, ultimately, the decisions taken by the Board;
- the Chairman of the Board, who is responsible for developing and maintaining an ongoing relationship of trust between the Board and the General Management, particularly in view of his expertise in matters of governance and the quality of his discussions with the Chief Executive Officer, based on a relationship of trust established over the course of many years;
- Directors from major shareholders that have a specific interest in the long-term performance of the Company;
- seven independent Directors with experience as senior managers of large international groups, whose independence of thought, sense of perspective and freedom of speech enable them to challenge and support the General Management in defining the Group's strategy; and
- two Directors representing the employees, who have extensive knowledge of the Company (see 2.2.1.3.).

Responsible exercise of office

To maintain a high standard, the Board of Directors, based on the work of the Nominations and Governance Committee, shall ensure that, throughout their term of office, Directors are able to act in the best interests of the Company, with all the due diligence and care required and subject to a strict confidentiality and loyalty obligation.

Directors must keep the Board informed of the directorships they hold in other companies, including any involvement in Board Committees of such French or foreign companies. They are required to notify the Board of any situation that may constitute a conflict of interest, even if such conflict is only potential, and must refrain from participating in the corresponding deliberations.

In addition, each year all Directors must issue a declaration relating to potential conflicts of interest between their duties to L'Oréal and their private or professional interests, specifically with regard to other directorships and roles. Any relevant information disclosed in this way is made public. Based on these declarations, the Board of Directors has not identified any conflict of interests on the date these declarations were issued pursuant to Delegated European Regulation No. 2019/980 supplementing Regulation No. 2017/1129, known as "Prospectus 3".

The Nominations and Governance Committee conducts an annual review of the summary table prepared by the Company of the financial flows that occurred during the financial year between L'Oréal and interested parties as defined by regulations in order to report to the Board of Directors as part of the regular procedure to evaluate current agreements signed under normal terms pursuant to Article L. 22-10-12 of the French Commercial Code. In case of doubts about the classification of an agreement, the Committee must verify that the transactions have been concluded in ordinary course of business and under normal conditions, so that the Board of Directors can implement the procedure for related-party agreements when necessary. In this case, the persons directly or indirectly interested in this agreement do not participate in the assessment. In accordance with the AFEP-MEDEF Code and the recommendations of the French financial markets authority (*Autorité des marchés financiers* – AMF), the Board of Directors, based on the work carried out by the Nominations and Governance Committee, also analyses each year any possible business relationships between L'Oréal and companies in which independent Directors hold directorships or perform functions, to ensure these relationships are not significant (see 2.2.1.4).

Information relating to directors and corporate officers pursuant to Annex 1 of Delegated European Regulation No. 2019/980

Family relationship between directors and corporate officers (Article 12.1 of the Annex)

Ms Françoise Bettencourt Meyers is the mother of Mr Jean-Victor Meyers and Mr Nicolas Meyers.

Absence of any conviction or incrimination of the directors and corporate officers (Article 12.1 of the Annex)

To the Company's knowledge, over the last five years, the directors and corporate officers have not been convicted for fraud, associated with a bankruptcy, receivership or liquidation, or the subject of any official public incrimination or sanction imposed by statutory or regulatory authorities (including designated professional bodies) or a decision by a court disqualifying them from acting as a member of an administrative, management or supervisory body or from acting in the management or conduct of the business of any issuer.

Potential conflicts of interest between the duties of the directors and corporate officers with regard to L'Oréal, and their private interests and/or other duties (Articles 12.2 and 16.3 of the Annex)

The method of organisation and modus operandi adopted by the Board would allow it, where applicable, to prevent any abusive exercise of their rights by one or more shareholders that come to control the Company, notably due to the presence of seven independent Directors on the Board of Directors.

Regarding any arrangement or agreement entered into with the major shareholders, customers, suppliers, or others, under which a Director was selected as a member of the Board of Directors, an agreement between the Bettencourt Meyers family and Nestlé S.A., which expired on 21 March 2018, concerned the reciprocal voting commitment in favour of the appointment as Directors of three members proposed by the Bettencourt Meyers family and two members proposed by Nestlé.

The Company was informed of the participation, amounting to 100 shares, of its Chairman, Mr Jean-Paul Agon, in the collective lock-up agreements signed on 16 December 2016 by Téthys S.A.S. and members of the Bettencourt Meyers family group under the Dutreil law. The Nominations and Governance Committee Meeting of 6 December 2016 examined this arrangement prior to signature of the agreement and considered that it could not be contested on the basis of the Company's interests, nor could it lead to consequences for the Company's governance, and informed the Board of Directors accordingly.

The Company was informed that a new collective lock-up agreement was signed on 29 December 2023 under Article 787 B of the French General Tax Code, similar to those entered into in 2016 (which had been terminated earlier the same day), with the addition of the company Financière L'Arcouest (controlled by Ms Françoise Bettencourt Meyers and her family). The Nominations and Governance Committee Meeting of 6 December 2023 examined this arrangement in advance and confirmed that it could not be contested on the basis of the Company's interests, nor could it lead to consequences for the Company's governance, and informed the Board of Directors accordingly.

Information on service contracts with members of the administrative bodies (Article 12.2 of the Annex)

No directors or corporate officers have a service contract with L'Oréal or any of its subsidiaries providing for the granting of benefits upon termination of such contract.

Stock market ethics

The Board noted the rules to be applied to prevent insider trading, in particular those resulting from European Regulation (EU) No. 596/2014 on Market Abuse which became applicable on 3 July 2016, and the recommendations of the French financial markets authority (AMF), in particular regarding the periods during which it is prohibited from trading in shares. It decided to amend its Internal Rules accordingly.

On the basis of the legal provisions, regulations and market recommendations, L'Oréal's Stock Market Ethics Code points out that inside information must only be passed on and used for professional purposes.

Inside information is information of a precise nature, which has not been made public and which, if it were made public, would likely to have a significant effect on the share price.

The Stock Market Code of Ethics restates the ban on any person in possession of insider information from executing or ordering the execution of financial transactions on L'Oréal shares, and emphasises that any misconduct in this area may result in criminal proceedings. The Internal Rules of the Board specifically ask Directors to refrain from trading in L'Oréal shares precisely in certain periods and when they have access to inside information.

The Directors are required to notify the AMF of each transaction carried out by them or by persons closely associated with them related to L'Oréal shares. This obligation is periodically restated by the Company (see summary of these operations in section 2.6.).

2.2.2. List of corporate offices and directorships of the Directors exercised at 31 December 2023

Jean-Paul Agon

—

CHAIRMAN OF THE BOARD OF DIRECTORS

—

67 years

French

Expiry date of term of office: 2026

—

Chairman of the Strategy and Sustainability Committee

Jean-Paul Agon joined the L'Oréal Group in 1978. Following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, International Managing Director of Biotherm, General Manager of L'Oréal Germany, General Manager of the Asia Zone, Chairman and Chief Executive Officer of L'Oréal USA, Jean-Paul Agon was appointed as Deputy Chief Executive Officer of L'Oréal in 2005, and then Chief Executive Officer in April 2006, and finally Chairman and Chief Executive Officer in 2011. Since 1 May 2021, Jean-Paul Agon has been the Chairman of the Board of Directors. Jean-Paul Agon has been a Director of L'Oréal since 2006. Jean-Paul Agon is the Chairman of the L'Oréal Corporate Foundation.

- Professional address: L'Oréal – 41, rue Martre – 92117 Clichy Cedex – France
- Holds 1,239,976 L'Oréal shares

Other corporate offices and directorships held	
Others	
• L'Oréal Corporate Foundation	Chairman of the Board of Directors
• HEC Paris	Chairman of the Board of Directors
• Raisesherpas	Director
• French Association of Private Enterprises (AFEP)	Director
• French Institute of International Relations (IFRI)	Director
• Société des Amis du Musée d'Art Moderne de Paris	Chairman
• France-China Committee (*Comité France Chine – CFC*)	Co-Chairman and Member of the Board of Directors
• American Hospital of Paris (*Hôpital Américain de Paris*)	Member of the Board of Governors

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
French companies		
• Air Liquide S.A.	Director	2022
• L'Oréal	Chairman and Chief Executive Officer	2021
Others		
• HEC Foundation	Member of the Board of Directors	2022
• L'Oréal Fund for Women	Chairman of the Board of Directors	2021

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of general management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

Nicolas Hieronimus

—

CHIEF EXECUTIVE OFFICER

—

59 years

French

Expiry date of term of office: 2025

Nicolas Hieronimus joined the L'Oréal Group in 1987 and was appointed Marketing Director for Laboratoires Garnier in 1993. After an international career as Director of the Garnier Maybelline Division in the United Kingdom, General Manager in France, then International General Manager of L'Oréal Paris and General Manager of L'Oréal Mexico, Nicolas Hieronimus was appointed as the General Manager of the L'Oréal Professional Products Division and joined the Executive Committee in 2008. In 2011, he was appointed President L'Oréal Luxe, a role that he held until the end of 2018. In 2013, Nicolas Hieronimus became General Manager of the Selective Divisions (Luxe, Active Cosmetics, Professional Products). He was appointed Deputy CEO in charge of Divisions in May 2017. Nicolas Hieronimus was appointed Chief Executive Officer of L'Oréal on 1 May 2021. He has been a Director of L'Oréal since April 2021. In addition, Nicolas Hieronimus is Chairman of the L'Oréal Fund for Women and Director of the L'Oréal Corporate Foundation.

- Professional address: L'Oréal – 41, rue Martre – 92117 Clichy Cedex – France
- Holds 237,428 L'Oréal shares

Other corporate offices and directorships held	
Others	
• L'Oréal Fund for Women	Chairman of the Board of Directors
• L'Oréal Corporate Foundation	Director

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
French company		
• L'Oréal Produits de Luxe International	Manager	2019

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of general management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

Françoise Bettencourt Meyers

—

VICE-CHAIRWOMAN

—

70 years

French

Expiry date of term of office: 2025

—

Committee Member:

Strategy and Sustainability

Nominations and Governance

Human Resources and Remuneration

Daughter of Liliane Bettencourt and granddaughter of the founder of L'Oréal, Eugène Schueller, Françoise Bettencourt Meyers has been the Chairwoman of the family-owned holding company Téthys since 31 January 2012, and is the Chairwoman of the Supervisory Board of the investment subsidiary Téthys Invest, Chairwoman of the Bettencourt Schueller Foundation and Honorary Chairwoman of the Pour l'Audition Foundation.

Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997 and has been Vice-Chairwoman of the Board of Directors since 2020.

- Professional address: Téthys – 27–29, rue des Poissonniers – 92200 Neuilly-sur-Seine – France
- Holds 5,532,455 L'Oréal shares

Other corporate offices and directorships held	
French companies	
• Téthys S.A.S.	Chairwoman Chairwoman of the Supervisory Board
• Téthys Invest S.A.S.	Chairwoman of the Supervisory Board
• Financière l'Arcouest S.A.S.	Chairwoman
Others	
• Bettencourt Schueller Foundation	Chairwoman of the Board of Directors
• Fondation Pour l'Audition	Honorary Chairwoman and member of the Board of Directors

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
French company		
• Société Immobilière Sebor S.A.S.	Chairwoman	2020

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of general management
- Knowledge of consumers
- ESG including Governance and Societal engagement

Paul Bulcke

—

VICE-CHAIRMAN

—

69 years

Belgian and Swiss

Expiry date of term of office: 2025

—

Committee Member:

Strategy and Sustainability

Nominations and Governance

Human Resources and Remuneration

After pursuing an international career at the highest level within the Nestlé Group, holding various positions in Europe and Latin America, in 2004 Paul Bulcke was appointed Executive Vice President and Zone Director for zone Americas of Nestlé S.A. before becoming Chief Executive Officer of Nestlé S.A. from 2008 to 2016. Paul Bulcke has served as the Chairman of the Board of Directors of Nestlé since 2017.

Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017.

- Professional address: Nestlé – Avenue Nestlé, 55 – CH 1800 Vevey – Switzerland
- Holds 3,000 L'Oréal shares

Main corporate office held outside L'Oréal

• Nestlé S.A. (Switzerland)*	Chairman of the Board of Directors

Other corporate offices and directorships held

Others

• 2030 Water Resources Group (WRG)	Co-Chairman
• JP Morgan International Council	Member
• The Avenir Suisse foundation (Switzerland)	Member of the Board of Directors
• World Economic Forum (WEF)	Member of the Community of Chairpersons

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
Foreign company		
• Roche Holding Ltd (Switzerland)	Member of the Board of Directors	2022
Other		
• European Round Table for Industry [ERT] (Belgium)	Member	2021

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*

Sophie Bellon

—

62 years

French

Expiry date of term of office: 2027

—

Chairwoman of the Human Resources and Remuneration Committee

Member of the Nominations and Governance Committee

Chairwoman of the Board of Directors and CEO of Sodexo. After a career in finance in the United States, Sophie Bellon joined Sodexo in 1994, where she held various positions, including as the Chief Executive Officer of the Corporate Services business unit of Sodexo France and as Research, Development and Innovation strategy Manager of Sodexo.

Sophie Bellon has been a Director of L'Oréal since 2015.

- Professional address: Sodexo – 255, quai de la Bataille de Stalingrad – 92130 Issy-Les-Moulineaux – France
- Holds 1,043 L'Oréal shares

Main corporate office held outside L'Oréal

• Sodexo*	Chairwoman and Chief Executive Officer

Other corporate offices and directorships held

French companies	
• Bellon S.A.[S]	Member of the Management Board
• PB Holding S.A.S. [S]	Chairwoman
Others	
• French Association of Private Enterprises (AFEP)	Member of the Board of Directors
• French Association of Joint Stock Companies (ANSA)	Member of the Board of Directors
• France-China Committee (*Comité France Chine – CFC*)	Member of the Board of Directors

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
Others		
• United Way Alliance (UWA)	Member of the Board of Directors	2021

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*
S *Sodexo group company.*

Patrice Caine

—

Age: 53

French

Expiry date of term of office: 2026

—

Chairman of the Nominations and Governance Committee

Member of the Strategy and Sustainability Committee

Chairman and Chief Executive Officer of the Thales group since December 2014, after holding management positions in various operating units (Air and Naval, Communication, Navigation and Identification, Air Systems, Radio-Communication Products, Network and Infrastructure Systems, and Protection Systems) from 2002 to 2013.

Patrice Caine has been a Director of L'Oréal since 2018.

- Professional address: Thales – 4, rue de la Verrerie - 92190 Meudon
- Holds 1,000 L'Oréal shares

Main corporate office held outside L'Oréal

• Thales*	Chairman and Chief Executive Officer

Other corporate offices and directorships held

French company	
• Naval Group (ex-DCNS)	Director
Others	
• National Association for Research and Technology (ANRT)	Chairman
• France Industrie (created by the merger between Cercle de l'Industrie and Industrial Federations Group)	Vice-Chairman
• French Aerospace and Defense Industries Association (GIFAS)	Vice-Chairman

Corporate offices and directorships held over the last five years and expired

- None

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- International profile
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*

Fabienne Dulac

—

Age: 56

French

Expiry date of term of office: 2027

—

Committee Member:

Audit

Human Resources and Remuneration

Fabienne Dulac is Deputy CEO and member of the Executive Committee of Orpea since October 2023, after 26 year-career at Orange group where she was CEO of Orange France from 2015 until 2023 and then appointed Chief Transformation Officer of the Orange group and Orange Business Chairwoman.

Fabienne Dulac has been a Director of L'Oréal since 2019.

She is also a Director of the company La Française des Jeux.

- Professional address: Orpea – 12, rue Jean Jaurès – 92800 Puteaux – France
- Holds 500 L'Oréal shares

Main corporate office held outside L'Oréal		
• Orpea*	Deputy Chief Executive Officer	
Other corporate offices and directorships held		
French company		
• La Française des Jeux*	Director	
Corporate offices and directorships held over the last five years and expired		**Expiry date of term of office**
French companies		
• Orange	Executive Vice President of Transformation, Orange group – Chairwoman of Orange Business	2023
• Orange France	Chairwoman and Chief Executive Officer	2023
• Orange	Deputy Chief Executive Officer	2023
• Orange Bank	Member of the Board of Directors	2020
Others		
• Willa	Member of the Board of Directors	2023

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance

* *Listed company.*

Belén Garijo

—

Age: 63

Spanish

Expiry date of term of office: 2026

—

Member of the Human Resources and Remuneration Committee

Chairwoman of the Executive Board and Chief Executive Officer of the Merck group, Belén Garijo previously served as Chairwoman and Chief Executive Officer of Merck Healthcare, an entity encompassing all the pharmaceutical activities of the Merck group.

Belén Garijo has been a Director of L'Oréal since 2014. She is also a Director of BBVA (Spain).

- Professional address: Merck KGAA – Frankfurter STR 250 Postcode A1/601 – 64293 Darmstadt – Germany
- Holds 1,000 L'Oréal shares

Main corporate office held outside L'Oréal		
• Merck* (Germany)	Chairwoman of the Executive Board and Chief Executive Officer of the group	
Other corporate offices and directorships held		
Foreign company		
• BBVA* (Spain)	Director	
Corporate offices and directorships held over the last five years and expired		**Expiry date of term of office**
Foreign company		
• Merck Healthcare (Germany)	Chairman and Chief Executive Officer	2021

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- International profile
- Financial expertise
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed companies*

Béatrice Guillaume-Grabisch

—

Age: 59

French

Expiry date of term of office: 2024

—

Member of the Audit Committee

Executive Vice President and Global Head Human Resources & Business Services of the Nestlé group, which she joined in 2013. She was formerly Chief Executive Officer of Nestlé Germany after a career in various consumer goods groups (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal, Coca-Cola).

Béatrice Guillaume-Grabisch has been a Director of L'Oréal since 2016.

- Professional address: Nestlé – Avenue Nestlé, 55 – CH 1800 Vevey – Switzerland
- Holds 1,830 L'Oréal shares

Main corporate office held outside L'Oréal		
• Nestlé S.A. (Switzerland)*	Executive Vice President and Global Head Human Resources and Business Services	
Other corporate offices and directorships held		
Other		
• GS1	Director	
Corporate offices and directorships held over the last five years and expired		**Expiry date of term of office**
Other		
• MarkenVerband/Brand producers' association (Germany)	Member of the Management Board	2019

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of general management
- International profile
- Knowledge of consumers
- Financial expertise
- Research & Innovation/industrial expertise
- HR/employee relations

* *Listed company.*

Thierry Hamel

—

Age: 69

French

Expiry date of term of office: 2026

—

Member of the Human Resources and Remuneration Committee

Thierry Hamel joined the L'Oréal Group in 1979 and has spent a large part of his career in the Professional Products Division, where he serves as Project Manager – Sales Excellence & Vocational Learning in the Professional Products Division in France.

Thierry Hamel was appointed Director representing the employees in April 2022 by the CFE-CGC union for a four-year term.

- Professional address: L'Oréal – 41, rue Martre – 92117 Clichy Cedex – France

Main corporate office held outside L'Oréal

- None

Other corporate offices and directorships held

- None

Corporate offices and directorships held over the last five years and expired

- None

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- HR/employee relations

Ilham Kadri

—

Age: 54

French and Moroccan

Expiry date of term of office: 2024

—

Member of the Audit Committee

Chief Executive Officer of the Solvay group and Chairwoman of its Executive Committee from 2019 to December 2023, Ilham Kadri has served since then as Chief Executive Officer of Syensqo, an international speciality chemicals group focused on innovation and sustainability, formed from the demerger of the Solvay group.

Previously, she was CEO and Chairwoman of the American company Diversey, having performed roles in R&D, sales, marketing, strategy, business management and digital technology in leading industrial companies (Shell, UCB, Dow, Sealed Air etc.). She is also a Director of A.O. Smith Corporation.

Ilham Kadri has been a Director of L'Oréal since 2020.

- Professional address: Syensqo – 98, rue de la Fusée – 1120 Brussels – Belgium
- Holds 250 L'Oréal shares

Main corporate office held outside L'Oréal

• Syensqo*	Chief Executive Officer

Other corporate offices and directorships held

Foreign company	
• A.O. Smith Corporation*	Member of the Board of Directors
Other	
• Brussels University Hospital	Director

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
Foreign company		
• Solvay (Belgium) *	Chairwoman of the Executive Committee and CE Member of the Board of Directors	2023

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- International profile
- Financial expertise
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*

Jean-Victor Meyers

—

Age: 37

French

Expiry date of term of office: 2024

—

Member of the Strategy and Sustainability Committee

Member of the Supervisory Board of the family holding company Téthys since January 2011 and member of the Supervisory Board of the investment subsidiary Téthys Invest.

Jean-Victor Meyers has been a Director of L'Oréal since 2012.

- Professional address: Téthys – 27–29, rue des Poissonniers – 92200 Neuilly-sur-Seine – France
- Holds 1,500 L'Oréal shares

Other corporate offices and directorships held

French companies

Téthys S.A.S.	Member of the Supervisory Board
Téthys Invest S.A.S.	Member of the Supervisory Board
Orsay Holding S.A.S.	Chairman

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
French company		
Exemplaire S.A.S.	Chairman	2022

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- ESG including Governance

Nicolas Meyers

—

Age: 35

French

Expiry date of term of office: 2024

—

Member of the Audit Committee

Member of the Supervisory Board of the family holding company Téthys since 2011, member of the Supervisory Board of the investment subsidiary Téthys Invest since 2016, and Director of the Bettencourt Schueller Foundation since 2012.

Nicolas Meyers has been a Director of L'Oréal since 2020.

- Professional address: Téthys – 27–29, rue des Poissonniers – 92200 Neuilly-sur-Seine – France
- Holds 1,500 L'Oréal shares

Other corporate offices and directorships held

French companies

Téthys S.A.S.	Member of the Supervisory Board
Téthys Invest S.A.S.	Member of the Supervisory Board
Lille Capital S.A.S.	Chairman

Other

Bettencourt Schueller Foundation	Member of the Board of Directors

Corporate offices and directorships held over the last five years and expired

- None

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- ESG including Governance and Societal engagement

Virginie Morgon

—

Age: 54

French

Expiry date of term of office: 2025

—

Chairwoman of the Audit Committee

Chairwoman of the Management Board of Eurazeo from 2008 to February 2023, after 16 years at Lazard. She is also Co-Chair of the Paris Committee of the Human Rights Watch.

Virginie Morgon has been a Director of L'Oréal since 2013.

- Professional address: 41, rue Martre – 92117 Clichy Cedex – France
- Holds 2,070 L'Oréal shares

Main corporate office held outside L'Oréal

• Les Méliades	Chairwoman

Other corporate offices and directorships held

Other

• Human Rights Watch	Co-Chair of the Paris Committee

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
French companies		
• Eurazeo	Chairwoman of the Executive Board	2023
• Eurazeo Investment Manager	Chairwoman of the Board of Directors	2023
• Eurazeo Mid Cap	Chairwoman of the Board of Directors	2023
• Doctolib	Member of the Supervisory Committee	2023
• Idinvest Partners	Chairwoman of the Supervisory Board	2021
Foreign companies		
• Alpine Newco Inc. (USA)	Chairwoman	2023
• Eurazeo North America Inc. (USA)	Chairwoman	2023
• Moncler S.p.A. (Italy)	Member of the Board of Directors	2022
• Moncler S.p.A. (Italy)	Vice-Chairwoman of the Board of Directors	2019
Other		
Eurazeo endowment fund	Chairwoman of the Board of Directors	2023

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- International profile
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

Alexandre Ricard

—

Age: 51

French

Expiry date of term of office: 2025

Member of the Strategy and Sustainability Committee

Alexandre Ricard has been Chairman and Chief Executive Officer of Pernod Ricard since February 2015. He joined Pernod Ricard in 2003 after seven years as a strategy consultant at Accenture and as an M&A consultant at Morgan Stanley. In 2004, he was appointed Director of Finance and Administration of Irish Distillers, and then appointed Chief Executive Officer of Pernod Ricard Asia Duty Free in 2006. In 2008, he was appointed Chairman and Chief Executive Officer of Irish Distillers and joined the Executive Committee of Pernod Ricard. In 2011, he joined the General Management of Pernod Ricard as Deputy General Manager in charge of Distribution, before being appointed Deputy Chief Executive Officer in 2012.

Alexandre Ricard has been a Director of L'Oréal since 2021.

- Professional address: Pernod Ricard – 5, cours Paul Ricard – 75008 Paris – France
- Holds 500 L'Oréal shares

Main corporate office held outside L'Oréal

• Pernod Ricard *	Chairman and Chief Executive Officer

Other corporate offices and directorships held

French companies	
• Martell & Co S.A. PR	Director
• Société Paul Ricard	Member of the Management Board
• Le Delos Invest I	Director
• Le Delos Invest II	Director
Foreign companies	
• Suntory Allied Limited (Japan) PR	Chairman
• Geo G. Sandeman Sons & Co. Ltd (United Kingdom) PR	Director
• Havana Club International S.A. (Cuba) PR	Member of the Board of Directors (*Junta de Directores*)
• Bendor S.A. (Luxembourg)	Director

Corporate offices and directorships held over the last five years and expired		Expiry date of term of office
French companies		
• Pernod Ricard Europe, Middle East and Africa PR	Member of the Supervisory Committee Permanent representative of Pernod Ricard	2023

Skills related to the strategy and development objectives of L'Oréal

- Experience of general management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*
PR *Pernod Ricard Group company.*

Benny de Vlieger

—

Age: 59

Belgian

Expiry date of term of office: 2026

—

Member of the Audit Committee

Having previously worked in the Delhaize group, Benny de Vlieger joined L'Oréal Belgium in 1989. He is a Sales Representative for the Consumer Products Division in Belgium.

Benny de Vlieger was appointed Director representing the employees in April 2022 by L'Oréal's European Works Council *(Instance Européenne de Dialogue Social)* for a four-year term.

- Professional address: L'Oréal – 41, rue Martre – 92117 Clichy Cedex – France

Main corporate office held outside L'Oréal

- None

Other corporate offices and directorships held

- None

Corporate offices and directorships held over the last five years and expired

- None

Skills related to the strategy and development objectives of L'Oréal

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- HR/employee relations
- Financial expertise

2.2.3. Changes in corporate offices and directorships of Directors

Changes in 2023

Renewal of the term of office of two Directors: Ms Sophie Bellon and Ms Fabienne Dulac

- **Renewal of the term of office of Ms Sophie Bellon as Director**

  The Annual General Meeting of 21 April 2023 renewed Ms Sophie Bellon's tenure as Director for a four-year term. The Board of Directors draws on her multi-disciplinary knowledge of the company, international outlook, command of governance issues, strategic vision, and commitment to social and corporate responsibility.

- **Renewal of the term of office of Ms Fabienne Dulac as Director**

  The Annual General Meeting of 21 April 2023 renewed Ms Fabienne Dulac's tenure as Director for a four-year term. The Board of Directors draws on her commitment, freedom of judgement, knowledge of the digital industry and consumers, expertise in human resources and experience in managing an organisation undergoing significant transformation.

Changes in 2024

1. Appointment of Mr Jacques Ripoll as Director

On the recommendation of the Nominations and Governance Committee, the Board of Directors submitted the appointment of Mr Jacques Ripoll, as Director, for a term of four years, to voting by the Annual General Meeting.

Jacques Ripoll, 58, is a graduate of the École Polytechnique.

He has spent the majority of his career in banking and finance, firstly at Société Générale. He then joined Banco Santander as Chief Executive Officer responsible for investment banking. In 2018, he was appointed Deputy CEO of Crédit Agricole in charge of the "Key accounts" division.

Since September 2022, Jacques Ripoll has been a member of the Supervisory Board at Eren Group that uses technological innovation to benefit the natural resources economy. Eren is primarily involved in supporting entrepreneurs who are developing innovative technology solutions for the energy transition (zero-carbon, renewable energy production, energy savings and energy storage).

Beyond the financial acumen he has honed over the course of his career in banking, Jacques Ripoll will bring to the Board his strategic vision on innovation, his expertise in new technologies contributing to efforts to combat climate change and his commitment to sustainability. Mr Jacques Ripoll is also a director of the CMA CGM Group.

2. Renewal of four directorships: Ms Béatrice Guillaume-Grabisch, Ms Ilham Kadri, Mr Jean-Victor Meyers and Mr Nicolas Meyers

- **Renewal of the term of office of Ms Béatrice Guillaume-Grabisch as Director**

As the term of office of Ms Béatrice Guillaume-Grabisch as Director is set to expire, the renewal of her term of office for four years is submitted to the Annual General Meeting.

A Director of L'Oréal since 2016, Ms Béatrice Guillaume-Grabisch has also been a member of the Audit Committee since that date.

Since 2019, Béatrice Guillaume-Grabisch has been Executive Vice President and Global Head Human Resources & Business Services of the Nestlé group, which she joined in 2013. She was formerly Chief Executive Officer of Nestlé Germany, after holding various management positions in major international groups in the consumer goods sector (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal, Coca-Cola).

Béatrice Guillaume-Grabisch is deeply involved in the work of the Audit Committee and the Board, to which she brings her experience of general management, knowledge of international markets and consumers, as well as skills in managing IT and Shared Services transformation and expertise in Human Resources.

Over the four years of her tenure as Director, Ms Guillaume-Grabisch's attendance record has been 97%[1] at meetings of the Board of Directors and 100% at meetings of the Audit Committee, of which she is a member.

- **Renewal of the term of office of Ms Ilham Kadri as Director**

As the term of office of Ms Ilham Kadri as Director is set to expire, the renewal of her term of office for four years is submitted to the Annual General Meeting.

A Director of L'Oréal since 2020, Ms Ilham Kadri has been a member of the Audit Committee since 2021.

Until December 2023, Ilham Kadri was Chief Executive Officer of the Solvay group and chaired its Executive Committee. Since then, she has been Chief Executive Officer of Syensqo, an international speciality chemicals group focused on innovation and sustainability, formed from the demerger of the Solvay group.

Ilham Kadri is deeply involved in the work of the Audit Committee and the Board, to which she brings her experience as an executive in leading international companies in the United States, Europe, the Middle East, Africa and Asia. The Board draws on her expertise in industrial issues undergoing major transformation, and strategic vision centred on innovation and sustainability. She is particularly committed to the issues of inclusion and diversity.

During her four-year tenure as Director, Ms Ilham Kadri's attendance rate at Board meetings has been 97%. She has attended all but one of the meetings of the Audit Committee, of which she has been a member since April 2021. Ms Kadri is also a director of A.O. Smith Corporation.

(1) *Excluding the extraordinary meeting of the Board of Directors on 5 November 2021, from which Ms Béatrice Guillaume-Grabisch abstained from participating because it related to the buyback of L'Oréal shares from Nestlé.*

Renewal of the term of office of Mr Jean-Victor Meyers as Director

As the term of office of Mr Jean-Victor Meyers as Director is set to expire, the renewal of his term of office for four years is submitted to the Annual General Meeting.

A Director of L'Oréal since 2012, Mr Jean-Victor Meyers has been a member of the Strategy and Sustainability Committee since October 2020. He was a member of the Audit Committee from 2014 to 2021.

Jean-Victor Meyers has been a member of the Supervisory Board of the family holding company Téthys since January 2011 and is also a member of the Supervisory Board of Téthys Invest.

The son of Ms Françoise Bettencourt Meyers and Mr Jean-Pierre Meyers, Jean-Victor Meyers has a strong connection to the company. He brings to the Board his vision of L'Oréal's long-term development.

Jean-Victor Meyers has participated with great commitment and involvement in the work of the Board and its Committees. Over the four years of his directorship, Mr Jean-Victor Meyers' attendance at meetings of the Board of Directors has been 100%[1], as was his attendance at meetings of the Audit Committee, of which he was a member until February 2021, and of the Strategy and Sustainability Committee, which he joined in October 2020.

Renewal of the term of office of Mr Nicolas Meyers as Director

As the term of office of Mr Nicolas Meyers as Director is set to expire, the renewal of his term of office for four years is submitted to the Annual General Meeting.

A Director of L'Oréal since 2020, Mr Nicolas Meyers has been a member of the Audit Committee since May 2021.

He has been a member of the Supervisory Board of the family holding company Téthys since 2011 and of Téthys Invest since 2016. He has also been a Director of the Bettencourt Schueller Foundation since 2012.

The son of Ms Françoise Bettencourt Meyers and Mr Jean-Pierre Meyers, Nicolas Meyers brings his keen interest in new technologies and social commitment to the Board of Directors, in addition to in-depth knowledge of L'Oréal and a strong connection to the company.

Nicolas Meyers is actively involved in the work of the Board and the Audit Committee as part of the Company's long-term development.

Over the four years of his directorship, Mr Nicolas Meyers' attendance at meetings of the Board of Directors has been 100%[1], as has been his attendance at meetings of the Audit Committee, which he joined in May 2021.

3. Departure of Ms Belén Garijo

The meeting of the Board of Directors on 8 February 2024 recorded Ms Belén Garijo's wish to stand down as Director at the close of the Annual General Meeting of 23 April 2024, two years before her term of office expires, on the grounds of availability associated with her professional activities. The Board of Directors thanked Ms Garijo for her high-quality contribution to the work of the Board and the Human Resources and Remuneration Committee during her 10 years in office.

2.3. Organisation and modus operandi of the Board of Directors

2.3.1. General information on the meetings of the Board of Directors and its Committees in 2023

The Board met eight times in 2023.

Four Committees prepare for the discussions and deliberations by the Board. 18 meetings were held in 2023:

- 5 meetings of the Strategy and Sustainability Committee;
- 5 meetings of the Audit Committee;
- 4 meetings of the Nominations and Governance Committee; and
- 4 meetings of the Human Resources and Remuneration Committee.

Directors may independently propose any subject that is appropriate for good governance to be included on the agenda for work of the Board and its Committees. L'Oréal's Directors are regularly informed of all the Company's activities and its performances in a highly competitive universe. Board meetings are generally held in the presence of senior managers of the Company invited to attend on the basis of topical developments at L'Oréal and many aspects of its strategy. In an open, constructive dialogue, exchanges of views, in confidence, contribute to the quality of the Directors' work. Board discussions, encouraged by the Chairman, take place transparently and in great detail.

Executive sessions

Directors meet at least once a year without the presence of the executive corporate officer, Directors representing employees or any other Group employee (Article 4.2 of the Internal Rules). An executive session was held on 7 December 2023. The Chairman of the Board attended initially, after which he withdrew and the executive session continued without him. The Audit Committee also meets twice a year in the presence of Statutory Auditors and in the absence of any representative from Management, at the end of the meetings dedicated to reviewing the annual and interim financial statements. These two meetings were held on 9 February and 27 July 2023.

Attendance rate

The preparation and holding of Board and Committee meetings requires significant availability and investment by the Directors. In 2023, the attendance rate at Board meetings was 96.1% on average. The individual attendance rate at Board and Committee meetings is specified below. The allocation of Directors' fees, based on the rate of attendance by each member at Board meetings and meetings of the various Committees, is described in section 2.4.

(1) *Excluding the extraordinary meeting of the Board of Directors on 5 November 2021, from which Mr Jean-Victor Meyers and Mr Nicolas Meyers abstained from participating because it related to the buyback of L'Oréal shares from Nestlé.*

INDIVIDUAL ATTENDANCE RATES OF DIRECTORS IN 2023 AT BOARD AND COMMITTEE MEETINGS

	Board of Directors	Committees			
		Strategy and Sustainability	Audit	Nominations and Governance	Human Resources and Remuneration
	8 meetings	*5 meetings*	*5 meetings*	*4 meetings*	*4 meetings*
Mr Jean-Paul Agon	100%	100%			
Mr Nicolas Hieronimus	100%				
Ms Françoise Bettencourt Meyers	88%	80%		75%	75%
Mr Paul Bulcke	75%	100%		100%	100%
Ms Sophie Bellon	100%			100%	100%
Mr Patrice Caine	100%	100%		100%	
Ms Fabienne Dulac	100%		100%		100%
Ms Belén Garijo	100%				75%
Ms Béatrice Guillaume-Grabisch	100%		100%		
Mr Thierry Hamel	100%				100%*
Ms Ilham Kadri	88%		100%		
Mr Jean-Victor Meyers	100%	100%			
Mr Nicolas Meyers	100%		100%		
Ms Virginie Morgon	88%		100%		
Mr Alexandre Ricard	100%	100%			
Mr Benny de Vlieger	100%		100%*		
2023 AVERAGE	**96.1%**	**96.7%**	**100%**	**93.7%**	**91.7%**

* *Director who joined this Committee in 2023.*

2.3.2. Activities of the Board of Directors

Every year, the L'Oréal Board of Directors determines L'Oréal's strategic directions, which integrate the challenges of climate change and, more generally, the issues of sustainability, ethics and the sense of purpose (raison d'être) to "Create the Beauty that moves the world". The Board ensures these strategic directions are implemented, in accordance with its corporate interest, taking the social and environmental challenges of its business activity into consideration.

The economic and financial position and the cash position are reviewed at least twice a year at a Board meeting, when the annual financial statements are approved and when the interim financial statements are reviewed, or at any other time if necessary.

Each of the four Consultative Committees set up by the Board of Directors to work on topics falling within their field of expertise is involved in determining and monitoring the strategy. The Committees' work systematically gives rise to a report presented by their Chairman/Chairwoman at Board meetings.

The work of the Board of Directors is governed by a set of Internal Rules. These rules are reproduced in full in this document. They are also available on the website loreal-finance.com. They are regularly updated by the Board of Directors in order to take account of the changes in the laws and regulations, best corporate governance practices and its own modus operandi, particularly within the scope of the annual evaluation of its work.

The composition of L'Oréal's Board of Directors, the rules it applies to its work, its modus operandi, and the work that it has carried out in the year, evaluated on an annual basis by the Directors, as well as the decisions made, are described in more detail in sections 2.2. and 2.3.

The Board's work in 2023

Composition	Independence ◆	Number of meetings in 2023	Attendance rate	Board Committees
16 Directors	50%	8	96.1%	4

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors. Excluding Directors representing the employees in accordance with the AFEP-MEDEF Code.*

The work and agendas were prepared so as to cover all of the subjects within the Board's remit and to meet the expectations expressed by the Directors in the annual evaluation of the modus operandi of the Board.

The Board of Directors is consistently informed of the work of the various Committees by each Chairman and bases its decisions on their recommendations.

2023 main activities

Corporate governance

Composition of the Board of Directors:

- Proposed renewal of the terms of office of Ms Sophie Bellon and Ms Fabienne Dulac to be submitted for approval to the Annual General Meeting of 21 April 2023.

Composition of the Committees:

- Review of the composition of the Committees: Mr Thierry Hamel joins the Human Resources and Remuneration Committee and Mr Benny de Vlieger the Audit Committee;
- Mr Patrice Caine becomes Chairman of the Nominations and Governance Committee.

Evaluation of the modus operandi and organisation of the Board:

- Definition of the strategic topics on which the Board wishes to focus its reflections in 2023;
- Proposals for improvement.

Holding of an executive session:

- A meeting of Directors in the absence of any executive corporate officers, Directors representing the employees or other Group employees;
- Introduction: presentation by Mr Jean-Paul Agon of his report on his activity as Chairman of the Board in 2023 (meeting continued in his absence).

Dialogue with shareholders and investors:

- Information and discussion about the expectations and positions of the main investors and proxy advisors, as expressed during meetings with the Company's departments responsible for preparing for the Annual General Meeting;
- Information and discussion about the assessment of "shareholder relations": roadshows, conferences, events and meetings on specific topics, particularly CSR issues, and e-meetings with the Individual Shareholder Consultation Committee;
- Information and discussion about variations in the expectations and focus of investors before and after the publication of results;
- Responses to written questions posed by shareholders prior to the Annual General Meeting.

Review of current agreements and the independence of Directors

Remuneration policy, Human Resources, gender balance within the management bodies

- Discussion of the **compensation policy for directors and corporate officers** for 2023, and for the Chairman of the Board of Directors and the Chief Executive Officer in particular;
- **Determination of the 2022 remuneration** for directors and corporate officers and **evaluation of the performance** of the Chief Executive Officer;
- Adoption of the **Performance Share Plan (ACAs)** of 12 October 2023;
- Review of the Third **Employee Shareholding Plan;**
- Information and discussion about the Group's **Human Resources policy**, including the remuneration policy, diversity and gender balance policy, professional gender equality, talent retention and L'Oréal's attractiveness as an employer, transformation of working methods, social responsibility, value sharing, Pulse results, internal employee satisfaction survey;
- Setting targets for **gender balance** within strategic positions.

Business activity, results and strategy

- **Oversight** of the Group's economic and financial management;
- Definition of the **strategic orientations** taking social and environmental needs into consideration;
- Systematic review at each meeting of the **Group's activities and results** (net sales generated by division, by geographic zone, by brand and via e-commerce) and of **variations in the cosmetics market**, the results of competitors and the Group's relative positioning;
- Analysis of **proposed acquisitions**, including the decision to acquire Aēsop, a beauty brand that will strengthen the Luxe Division;
- Decision on the proposed partial contributions of assets to be submitted to the Annual General Meeting of 21 April 2023 as part of a plan to **spin off certain of the Company's operating activities** in order to give them autonomy (L'Oréal France; L'Oréal International Distribution, see paragraph 1.3.4.);
- **Strategic themes** reviewed by the Board in 2023, with presentations by the senior managers of L'Oréal responsible for these issues, followed by discussions:
  - CSR (including progress on the L'Oréal for the Future programme; the challenge of sustainable and responsible digital),
  - Ethics policy,
  - Operations (including supply chain developments and risks),
  - Human Resources policy,
  - Digital (including artificial intelligence),
  - United States (market, results, challenges and outlook);
- Issues addressed at the **annual Strategic Board meeting in June 2023**, with presentations by external experts and L'Oréal senior managers responsible for these issues, followed by discussions**:**
  - Geopolitical/geostrategic context over the next 10 years (external speaker),
  - China (external speaker),
  - South East Asia (external speaker),
  - Emerging markets (SAPMENA zone, Latin America),
  - Challenges of the metaverse,
  - Proposed transformations of the organisation, presentation followed by a session for Directors to discuss and share their experiences on this topic.

2.3.3. Activities of the Board Committees

The Board's debates and decisions are assisted by the work performed by its Committees, which report to it after each of their meetings. The remits of each Committee are described in detail in the Internal Rules of the Board of Directors. The Board's Committees act strictly within the framework of the remits given to them by the Board. They actively prepare for its work and make proposals but they do not have any decision-making powers. All the Directors who are members of a Committee participate in Committee meetings with complete freedom of judgement and in the interest of all the shareholders. In 2023, the Committees were once again tasked with preparing the Board's deliberations. The composition of these Committees, their remits and their work in 2023 are described below.

Strategy and Sustainability Committee

Composition	Independence	Number of meetings in 2023	Attendance (average 96.7%)	Date of appointment to the Committee
Mr Jean-Paul Agon (Chairman)		5	100%	2011
Ms Françoise Bettencourt Meyers			80%	2012
Mr Paul Bulcke			100%	2017
Mr Patrice Caine	◆		100%	2020
Mr Jean-Victor Meyers			100%	2020
Mr Alexandre Ricard	◆		100%	2022

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors.*

It is specified that two members are members of the Bettencourt Meyers family and one member is linked to Nestlé.

An update on the latest CSR initiatives is presented at each meeting by L'Oréal's Chief Corporate Responsibility Officer.

2023 main activities

Geopolitical situation

- Ukraine/Russia situation.

Strategy

- Analysis of sales, update on business activities;
- Update on variations in the markets and on competition;
- Analysis of the performance of the latest product launches;
- Review of proposed acquisitions;
- Follow-up of recent acquisitions;
- Review of the Group's strategic development prospects;
- Review of one of the Group's brands at each meeting.

Sustainability

- Systematic review at each meeting of the latest initiatives of the L'Oréal for the Future programme, presented by the Chief Corporate Responsibility Officer:
  - Update on the L'Oréal for the Future programme,
  - Presentation of the Net Zero climate strategy,
  - Review of the plan to reduce carbon intensity in line with the SBTi "Net Zero" trajectory,
  - Review of various sustainability initiatives: eco-designed stores, sustainable energy supply,
  - Update on the first "Worldwide No Waste Cup",
  - 14th Citizen Day,
  - Information on the "Imagine the future of dermatology" event, aimed at supporting healthcare professionals in the social and environmental transition,
  - Update on the partnership for the 15th Climate Week in New York,
  - Update on the L'Oréal Climate Emergency Fund,
  - Information on the launch of the e-commerce environmental score for Garnier in France,
  - "One D/Way for the future" event held for the second time, to disseminate best practices and enhance employee engagement.

Audit Committee

Composition	Independence: 60%	Number of meetings in 2023	Attendance (average 100%)	Date of appointment to the Committee
Ms Virginie Morgon (Chairwoman)	◆	5	100%	2013
Ms Fabienne Dulac	◆		100%	2019
Ms Béatrice Guillaume-Grabisch			100%	2016
Ms Ilham Kadri	◆		100%	2022
Mr Nicolas Meyers			100%	2021
Mr Benny de Vlieger*			100%	2023

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors, excluding Director representing the employees in accordance with AFEP-MEDEF Code.*
** Mr Benny de Vlieger, Director representing the employees, joined this Committee in April 2023.*

The committee is chaired by Ms Virginie Morgon, an independent Director who has recognised financial expertise. The members of the Audit Committee have the necessary financial and accounting skills due to their professional experience and their good knowledge of the Group's accounting and financial procedures.

In addition to the specific skills of certain Committee members, the Committee is given regular updates on sustainability issues, particularly draft regulations. Since 2018, it has been responsible for monitoring issues relating to financial and non-financial information and monitoring risk management systems, including CSR risks. As part of the transposition of the Corporate Sustainability Reporting Directive (CSRD), the Audit Committee's remit in this domain has been confirmed.

The Statutory Auditors attend meetings, except for discussions on items that concern them. The Committee meets at least twice a year without management present, with the participation of the Statutory Auditors. The Committee did not deem it appropriate to call upon outside expert. The Chairman of the Board of Directors and the Chief Executive Officer are not members of the Committee.

Changes for 2024

On the recommendation of the Nominations and Governance Committee, the Board of Directors decided that Jacques Ripoll would join the Audit Committee at the close of the Annual General Meeting of 23 April 2024[1].

2023 main activities

Monitoring the process for preparation of financial information

- Review of annual and interim results, including press releases and the balance sheet. Analysis of operating profit by Division and Zone; treasury and financing;
- Review of the Independent Auditors' Reports on parent company and consolidated financial statements (including the key points of the audit);
- Review of the Statutory Auditors' 2023 audit plan and the results of the audits carried out, their recommendations and the follow-up actions taken, as part of the statutory audit of the accounts;
- Approval by the Audit Committee of non-auditing services;

Internal control, risks and compliance

- Review of the internal control systems implemented (in particular the Vigilance Plan and the Corruption Prevention Plan);
- Summary of the internal control reviews carried out in 2023 by the Statutory Auditors;
- Monitoring Internal Audit activities, including CSR commitments;
- Updating the Group's risk mapping;
- Review of legal risks and potential litigation and of major events that could have a significant impact on L'Oréal's financial position and on its assets and liabilities;
- Monitoring the business plan for major acquisitions, goodwill and impairment;
- Data privacy: monitoring of policies in place and review of data governance;
- Review of product quality and safety risks;
- Update on cyber security presented by the Group's Chief IT Officer: a general overview of cyber security issues, the main incidents that arose in 2022 at L'Oréal and the cyber security risk prevention programme. This was reported at the Board meeting of 9 February 2023, updating the cyber security presentation given at the Strategic Council meeting in June 2022.

Monitoring the process for compiling sustainability risk information

- Update on sustainability reporting regulations: Corporate Sustainability Reporting Directive (CSRD);
- Duty of vigilance: review of the update to the 2023 Vigilance Plan and the draft European Directive "CS3D";
- Appointment of sustainability auditors (CSRD);
- Financial management procedures for commitments under the L'Oréal for the Future programme;
- "Sustainable Finance" organisation.

(1) *Subject to approval of the appointment of Mr Jacques Ripoll as a director by the Annual General Meeting of April 23, 2024.*

Nominations and Governance Committee

Composition	Independence: 50%	Number of meetings in 2023	Attendance (average 93.7%)	Date of appointment to the Committee
Mr Patrice Caine (Chairman)	◆	4	100%	2018
Ms Françoise Bettencourt Meyers			75%	2020
Mr Paul Bulcke			100%	2017
Ms Sophie Bellon	◆		100%	2016

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors.*

The Chairman of the Board of Directors and Chief Executive Officer may attend Committee meetings with the exception of items on the agenda that concern them directly.

2023 main activities

Composition of the Board

- Reflection on the composition of the Board (diversity, complementary profiles, expertise, gender balance, combining of offices etc.) and update of the skills matrix for Directors;
- Short- and medium-term projections for the composition of Board Committees and proposals;
- Annual learning plan for the two directors representing the employees;
- Preparation of renewals of terms of office submitted for approval to the Annual General Meeting of 23 April 2024.

Governance

- Analysis of the 2023 voting policies of investors and proxy advisors with regard to governance topics (composition of the Board, balance of powers, terms of office, independence of Directors etc…);
- Examination of the independence of each of the Directors in light of the criteria set out in the AFEP-MEDEF Code; and examination of the current agreements;
- Review of the executive session held in December 2022;
- Review of the summary results of the Board's self-assessment;
- Values Committee: report of activities in 2023.

Succession plans and emergency plan

- Review of the succession plans for the purpose of ensuring the continuity of General Management and Chairmanship of the Board in the event of an unforeseen vacancy in the medium-term;
- Review of the key positions in the organisation from the perspective of ensuring the continuity of business activities (in the short-term).

Regulatory updates and knowledge of market practices and expectations

- Review of "Say on Climate" resolutions in 2023;
- Analysis of stakeholders' expectations regarding the profile of independent directors.

Human Resources and Remuneration Committee

Composition	Independence: 60%	Number of meetings in 2023	Attendance (average 91.7%)	Date of appointment to the Committee
Ms Sophie Bellon (Chairwoman)	◆	4	100%	2018
Ms Françoise Bettencourt Meyers			75%	2020
Mr Paul Bulcke			100%	2017
Ms Fabienne Dulac	◆		100%	2020
Ms Belén Garijo	◆		75%	2015
Mr Thierry Hamel*			100%	2023

◆ Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors, excluding Director representing the employees in accordance with AFEP-MEDEF Code.
** Mr Thierry Hamel, Director representing the employees, joined this Committee in April 2023.*

The Chairman of the Board of Directors and Chief Executive Officer may attend Committee meetings with the exception of items on the agenda that concern them directly.

Changes for 2024

On the recommendation of the Nominations and Governance Committee, the Board of Directors decided that Alexandre Ricard would join the Human Resources and Remuneration Committee at the close of the Annual General Meeting of 23 April 2024.

2023 main activities

Remuneration of corporate officers

- Analysis of the voting policies of investors and proxy advisors concerning remuneration issues;
- Remuneration of the corporate officers for financial years 2022 and 2023:
  - analysis of the performance of the Chief Executive Officer in 2022 and recommendation to the Board of Directors on the variable annual remuneration for 2022,
  - proposal of the targets and weightings for 2023 for the Chief Executive Officer;
- Remuneration of the corporate officers for financial year 2024:
  - review of the remuneration policy applicable to the Chairman of the Board of Directors and to the CEO,
  - discussion of the fixed compensation for the Chairman of the Board of Directors for 2024;
- Say on Pay: preparation of the draft resolutions to be proposed to the Annual General Meeting of 21 April 2023;
- Pay gap ratios: publication of a ratio for the France Group;
- Analysis of resolutions voted at the 2023 Annual General Meeting.

Remuneration of Directors

- Directors' fees: breakdown of fees for 2023;
- Review of the proposed policy for 2024.

Regulated agreements

- Review of ongoing regulated agreement relating to Mr Nicolas Hieronimus.

Human Resources policy

- Review of the Group's senior employee policy;
- Review of the L'Oréal recruitment policy;
- Review of the policy on diversity and equality in management bodies: presentation of the various levers and results obtained, specifically with regard to gender equality in management bodies[1].

Long Term Incentives ("LTI") Policy

- Delivery of LTI plans: recording of performance relating to the ACAs Plan of 2019;
- Preparation of the ACAs Plan for October 2023;
- Proposed allocation to the Chief Executive Officer for 2023.

Employee shareholding

- Review of the Third Worldwide Plan implemented in 2022 and review of the proposed Fourth Worldwide Plan for 2024.

(1) *The results in terms of gender balance in the top 10% most responsible positions are presented in paragraph 4.3.2.6.*

2.3.4. The involvement of the Board and its Committees in sustainability issues

Main tasks

Strategy and Sustainability Committee (S&S)

- Reviews the Group's strategic orientations, including multi-year strategic orientations in terms of social and environmental responsibility.
- Reviews the strategic projects and their economic, financial, societal and environmental consequences.
- Reviews the sustainable development commitments and regularly reviews CSR issues.

2023 main activities

- Review of the Group's strategic development prospects
- Systematic review at each meeting of the latest initiatives of the L'Oréal for the Future programme, presented by the Chief Corporate Responsibility Officer:
  - Update on the L'Oréal for the Future programme
  - Presentation of the Net Zero climate strategy
  - Review of the decarbonisation plan in line with the SBTi trajectory
  - Review of various sustainable development initiatives: eco-designed stores, sustainable energy supply
  - Update on the first "Worldwide No Waste Cup"
  - 14th Citizen Day
  - Information on the "Imagine the future of dermatology" event, aimed at supporting healthcare professionals in the social and environmental transition
  - Update on the partnership for the 15th Climate Week in New York
  - Update on the recently established L'Oréal Climate Emergency Fund
  - Update on the launch of the e-commerce environmental score for Garnier in France
  - "One D/Way for the future" event held for the second time, to disseminate best practices and enhance employee engagement

Audit Committee

- Carries out the process for preparation of non-financial information and, where applicable, makes recommendations to guarantee the integrity thereof.
- Monitors the efficiency of the internal control and risk management systems.

2023 main activities

- Review of sustainability reporting regulations: Corporate Sustainability Reporting Directive (CSRD)
- Appointment of sustainability auditors (CSRD)
- Financial management procedures for commitments under the L'Oréal for the Future programme
- "Sustainable Finance" organisation
- Risk mapping
- Review of the update to the 2023 Vigilance Plan and the draft European Directive (CS3D)
- Review the internal and external audit plan regarding NFIS, including the L'Oréal for the Future programme

Human Resources and Remuneration Committee

- Makes proposals on the remuneration of corporate officers, including the non-financial targets of variable remuneration.
- Reviews the Human Resources policy and the rules of ethical conduct.

2023 main activities

- Analysis of the Chief Executive Officer's financial and non-financial performance
- Preparation of the ACAs plan for 2023, including CSR (15%) and HR (5%) criteria
- Review of the human resources policy, including senior management policy, recruitment policy and diversity policy for management bodies
- Review of pay gap ratios
- Review of the 4th worldwide employee share ownership plan project
- Review of investor and proxy advisor expectations

Nominations and Governance Committee

- Discusses governance issues related to the functioning and organisation of the Board, particularly the Board's diversity policy.

2023 main activities

- Reflection on the composition of the Board (diversity, complementary profiles, expertise, gender balance, combining of offices etc.) and update of the skills matrix for Directors
- Specific review of CSR expertise as part of updating the skills matrix for directors
- Values Committee: report of activities in 2023
- Review of Say on Climate resolutions in 2023
- Review of investor and proxy advisor expectations, specifically with regard to Say on Climate
- Analysis of stakeholders' expectations regarding the profile of independent directors

Board of Directors

- Defines the strategic orientations, factors social and environmental issues into its decisions, reviews the Group's CSR policy every year and possesses a report from each S&S Committee meeting on the L'Oréal for the Future programme.

2023 main activities

- Automatic reporting on the work carried out by its four committees
- Updating of the strategic orientations, taking social and environmental challenges into consideration
- Review of the risk mapping update, taking sustainability risks into consideration
- Review of the status of the L'Oréal for the Future sustainability programme by the Chief Corporate Responsibility Officer
- Presentation of the members of the Executive Committee, systematically taking into account the CSR challenges facing their business: Chief Human Resources Officer, Chief Digital & Marketing Officer, Chief Operations Officer, Chief Executive Officer North Asia Zone & L'Oréal China, Chief Executive Officer Latin America, Chief Executive Officer North America & L'Oréal USA
- Update on the Group's ethics policy

2.3.5. Self-evaluation by the Board of Directors

ORGANISATION OF THE ANNUAL EVALUATION OF THE MODUS OPERANDI OF THE BOARD

September 2023
- Update of the Thematic interview guide.
- Update of the Flash questionnaire developed with the help of an external consulting firm.

October 2023
Nominations and Governance Committee (NGC)
- Validation of the Interview Guide, the Flash Questionnaire and the internal evaluation procedure.

October - November 2023
- Sending the Flash questionnaire and the Interview Guide to the directors.
- Individual interviews (Directors / Secretary of the Board).

December 2023
NGC
- Detailed report of the evaluations.

Board of Directors
- Summary of the evaluations.
- 2023 balance sheet.
- Discussions / wishes for 2024.
- Decision on internal/external evaluation in 2024.

March 2024
- Publication of the evaluation summary in the 2023 Universal Registration Document.

- **Annual procedure** for the formal evaluation of the Board, carried out within the framework of the AFEP-MEDEF Code, to which the Company refers, and of market recommendations such as those issued by the AMF.
- **Principal objectives:**
  - To confirm that the agendas for Board meetings cover the full scope of the Board's remit, that important issues have been appropriately prepared and discussed, and that each member's contribution to the work of the Board has been measured;
  - To formulate suggested improvements;
  - To put forward proposals on the strategic issues to be addressed in 2024, including those to be studied at the Strategic Seminar on 6 June 2024.
- **Format and procedure:**
  - A **thematic interview guide**, which was updated in October 2023, sets out the principles stipulated in the AFEP-MEDEF Code and identifies the Board's practices and market expectations. It enables each Director to ask questions about the operation of the Board and their personal contribution to its work and decisions;
  - A **questionnaire** was prepared and reviewed in 2022 **with the assistance of the consulting firm Spencer Stuart** and **updated in 2023;**
  - **Individual meetings** were held between the Directors and the Secretary of the Board in November and December 2023;
  - **Feedback on the responses and interviews** was given at the Nominations and Governance Committee meeting of 6 December 2023, then at the Board of Directors meeting of 7 December 2023, followed by discussion between Directors and decisions for 2024. If necessary, the Chairman may meet Directors individually.
- **Key themes of the evaluation:**
  - The composition of the Board, its organisation and its modus operandi;
  - The quality and relevance of the information provided;
  - The Board's involvement in defining L'Oréal's strategy;
  - The activities of the Committees;
  - Key governance issues.
- **Individual self-assessment of each Director's contribution to the Board and its Committees on the following subjects:**
  - Time spent preparing for Board and Committee meetings;
  - Attention paid to rereading the minutes;
  - Attention paid to the implementation of Board decisions;
  - Specific skills used by the Board;
  - Topics on which learning would be useful.

General assessment	Areas for improvement/Action to be taken/Issues to be addressed
THE COMPOSITION OF THE BOARD	
• **Diversity** in terms of gender, age, profile and experience. • Appropriate **size** for the quality of the work, discussions and decision-making. • Appropriate number of **independent Directors** (50%), given their profile, considerable freedom of expression and the structure of share ownership. • **Required expertise** well represented with regard to the requirements defined by the Board (see paragraph 2.2.1.2.), particularly experience of general management of large international companies. • Recognised **international experience** of the Directors. • Appropriate **composition of Committees**, with sound expertise among Directors.	• When future Directors are recruited, ensuring that this **level and diversity of skills, in particular on the subjects of sustainability** and international **experience, is maintained/reinforced**.
MODUS OPERANDI OF THE BOARD OF DIRECTORS	
• An operating method enabling the Board to fully carry out its duties, in particular that of determining and monitoring the implementation of strategic orientations. • **Very good level of involvement;** active, committed Directors who express themselves very freely. • **Agendas well suited** to the challenges facing the company and to the Board's remit; **adaptable** throughout the year; taking account of Directors' requests. • **Frequency and length of meetings sufficient,** a real effort was made to keep to schedules. • Time set aside for debate entirely satisfactory. • **Confidentiality** of discussions well respected. • Proper application of the rules relating to **conflicts of interest**. • Organisation and logistics of meetings highly satisfactory. • Non-Board events helping to strengthen the collective. • **Digital platform well used.** • Areas for improvement identified for 2023 addressed. • Issues identified for the 2022 review as being on the Board's agenda in 2023 addressed.	• Maintain the efforts made in 2023 to **respect schedules without reducing time for discussions**.
INFORMATION PROVIDED BY THE BOARD	
• **Information "at the right level"** for effective participation in the work of the Board. • **Topics covered in 2023** very **comprehensive** and **well aligned** with the issues facing the company. • **Document** delivery times **improving** and generally satisfactory. • **Presentations by managers concise** and sufficiently analytical to give a clear understanding of the issues at stake. • **Good information** on **market trends** and the **competitive environment.** • Adequate information on key **strategic issues, including CSR issues**. • Useful and sufficient information provided between Board meetings.	• Managers' presentations could be accompanied by a summary of the key points to remember. • Receive a summary of analysts' reports after the publication of the results and sales figures.
LEARNING FOR MEMBERS OF THE BOARD	
• Adequate information on **the main CSR issues** in line with the learning provided in 2022	• **"Ethics" learning** to be included in the 2024 programme.

General assessment	Areas for improvement/Action to be taken/Issues to be addressed
THE BOARD AND STRATEGY	

• **Good anticipation of medium- and long-term thinking.**
• Holding a Strategic Council meeting at least once a year is very useful.
• Topics discussed at the **Strategic Board meeting in June 2023**:
  • Very relevant presentations (Emerging Countries – Risks – Development of metaverses)
  • Presentations by external speakers (geopolitical risks – China – South-East Asia) appreciated
  • Very interesting experience-sharing session on the theme of transformation
• **Proposed acquisitions** well presented and discussed, in line with the strategy.
• Good analysis of the main **risks.**
	• **Rerun sessions for in-depth sharing of experience** on certain topics at strategic seminars.

BOARD COMMITTEES	
• **Strategy and Sustainability Committee:** Works very well with good discussions; presentations on proposed acquisitions very well structured; systematic CSR point considered important. • **Audit Committee:** Good coverage of CSR reporting issues; particular attention paid to risk issues; highly relevant business approach to the issues dealt with. • **Human Resources and Remuneration Committee:** well prepared, work well planned. • **Nominations and Governance Committee:** good planning in the selection of new Directors.	• **Ensuring clear distribution of cross-functional CSR issues between the various committees.**
GOVERNANCE ISSUES	

• **Procedure for exercising the General Management:**
  • Separation of the offices of Chairman and Chief Executive Officer, which is working very well.
• **Complementary relationship** between the Chairman and the Chief Executive Officer is valued.
  • Attentive and receptive Chairman, who leads the discussions in a very open way, with excellent knowledge of the subject matter, which is a real added value.
  • Transparent communication with the Chief Executive Officer, enabling in-depth strategic discussions in a climate of trust.
• **Balance of power** ensured (presence and number of major shareholders; profile of independent Directors; freedom of expression).
• **Lead Director:** does not apply to L'Oréal given the current composition and modus operandi of the Board.
• **"Climate" Director:** Not recommended, as CSR is the responsibility of all Directors.
• **Executive sessions:** running well.
• **Conflicts of interest:** well managed by the rules in force (non-participation in debates and decisions, annual declaration of independence, procedure for reviewing current agreements).
• **Contact with investors and proxy advisors:** current procedure for meetings with L'Oréal teams satisfactory.	

2.3.6. Appendix: Complete text of the Internal Rules of the Board of Directors

These Rules are applicable to all present and future Directors, whether they are appointed by the General Meeting or by the employees, and are intended to complement the legal, regulatory and statutory rules and those under the Articles of Association in order to state accurately the modus operandi of the Board of Directors and its committees, in the interests of the Company and its shareholders.

L'Oréal's Board of Directors refers to the principles of corporate governance as presented by the AFEP-MEDEF Code. The Internal Rules specify the modus operandi of the Board, in the interests of the Company and of all its shareholders, and those of its Committees, whose members are Directors to whom it gives preparatory assignments for its work.

In line with the distribution of responsibility for sustainability issues between the Audit Committee and the Strategy and Sustainability Committee, the Board's Internal Rules were updated on 8 February 2024 to allocate the responsibilities provided for by the Corporate Sustainability Reporting Directive (CSRD) to the remit of the Audit Committee. As was the case for previous versions, the Internal Rules are made public in full in this paragraph.

PREAMBLE

The Board of Directors of L'Oréal ("the Company") is a collegial body which is mandated by all the shareholders. It has the authority given to it by law to act in all circumstances in the best interests of the Company.

By exercising its legal prerogatives, the Board of Directors ("the Board") fulfils the following main duties: it validates the Company's strategic orientations, appoints the corporate officers given responsibility for managing the Company within the scope of this strategy, chooses the method of organisation of General Management (combination or separation of the roles of Chairman and Chief Executive Officer), oversees management and ensures the quality of the financial and non-financial information provided to the shareholders and to the markets.

The organisation of the Board's work and its composition is adapted to the specificities of L'Oréal and is in line with an approach of constant progress. The Board's main responsibility is to adopt the method of organisation and the modus operandi which enable it to perform its duties to the best of its ability. Its organisation and modus operandi are described in these Internal Rules which it draws up, and which are published in full on L'Oréal's website and in the Universal Registration Document.

The Board's actions are carried out within the framework of the AFEP-MEDEF Code. The Corporate Governance Report provides more detail on the Board's composition and on the way in which the Board's work is prepared and organised, and explains, where applicable, the recommendations that have not been adopted in light of the Company's specificities.

These Rules apply to all the Directors, both current and future, whether they are appointed by the Annual General Meeting or the employees, and are intended to complement the legal, regulatory and statutory rules and those under the Articles of Association in order to state accurately the modus operandi of the Board of Directors and its committees.

1. Remit and authority of the Board of Directors

1.1. General powers of the Board

The Board defines the business strategy of the Company and monitors its implementation, in accordance with its corporate interest, taking social and environmental challenges into consideration.

Subject to the powers expressly conferred to Annual General Meetings and within the limit of the Company's purpose, the Board deals with all matters regarding the smooth running of the Company and settles issues concerning the Company by virtue of its decisions. At any time in the year, the Board carries out the controls and verifications it deems appropriate.

The Board ensures, as appropriate, that a mechanism for the prevention and detection of corruption and influence-peddling is in place.

The Board also ensures that the executive corporate officers implement a policy of non-discrimination and diversity as regards the balance of women and men in management bodies.

The Corporate Governance Report relays the Board's activity.

The Board prepares for and convenes Annual General Meetings and sets the agenda. It puts the parent company and consolidated financial statements to the vote and presents to the meeting its Management Report to which the Corporate Governance Report is appended.

The Board sets the remuneration of directors and corporate officers. It reports on its policy and decisions in its Management Report and in the Corporate Governance Report. The Annual General Meeting is consulted every year on the components of remuneration due or allocated to each executive corporate officer for the past financial year. The Board is a collegial body which is legally unable to delegate its authority, except to the General Management in those cases expressly provided for by law. Within the scope of its work, it may decide to set up Committees which do not have decision-making powers but have the task of providing all useful information for the discussions and decisions which it is called upon to make. The Board decides on the composition of the Committees and the rules with regard to their modus operandi.

The Board may ask one or more of its members or third parties to carry out special assignments or projects aimed in particular at studying one of more specific topics.

1.2. Relations between General Management and the Board

1.2.1. Forms of General Management

General Management of the Company is carried out, under the responsibility of either the Chairman of the Board of Directors (the Chairman and Chief Executive Officer) or by another individual with the position of Chief Executive Officer. Leaving the possibility to choose between the separation or combination of roles, French law does not give preference to any form and gives the Board authority to choose between the two methods of organisation of the General Management considering the specificities of the Company.

Whether the General Management is carried out by a Chairman and Chief Executive Officer or a Chief Executive Officer, the Board has the same prerogatives. It may in particular take all specific measures aimed at ensuring the continued balance of powers.

1.2.2. Powers of General Management

The General Management, which may be carried out by the Chairman and Chief Executive Officer or by a Chief Executive Officer, is vested with the broadest powers to act in all circumstances in the name of the Company. It must exercise these powers within the limit of the Company's purpose subject to the powers expressly granted by French law to General Shareholders' Meetings and the Board of Directors.

The Board has the possibility to provide for limitations on the powers of the General Management. Thus, transactions which may materially impact the scope of consolidation of the Company, in particular, transactions involving an amount in excess of €250,000,000 and all new transactions which are outside the normal course of business for an amount in excess of €50,000,000, must be submitted to the Board. In any event, the Board of Directors must be informed of the conclusion and implementation of all transactions.

The General Management represents the Company in its dealings with third parties.

Upon a proposal by the Chief Executive Officer, the Board may appoint one or more individuals responsible for assisting the Chief Executive Officer, who will hold the corporate office of Deputy Chief Executive Officer(s).

1.2.3. Duties of General Management

Whatever the form of organisation chosen (Chairman and Chief Executive Officer or Chief Executive Officer), the General Management is required to provide each Director with all the documents and information required to carry out their duties.

More specifically, the General Management provides the Board members with useful information in connection with the preparation of meetings, or at any time during the life of the Company if the importance or urgency of the information so requires. This provision of ongoing information also includes any relevant information concerning the Company, and in particular press articles and reports containing financial analysis.

The General Management gives the Board and its Committees the possibility to meet with the senior managers of L'Oréal within the strict framework of their remits and duties. In consultation with the General Management, the Board and the Committees may use external consultants if they consider it necessary.

The Board is informed, at the time of closing of the annual financial statements and the review of the interim financial statements or at any other time if necessary, of the Company's financial position and cash position.

2. Composition of the Board

2.1. Directors

The Directors of the Company:

- provide their expertise and professional experience;
- are required to act with due care and attention and participate actively in the work and discussions of the Board;
- have complete freedom of judgement.

This freedom of judgement enables them in particular to participate, in total independence, in the decisions and work of the Board, and, where appropriate, of its Committees.

2.1.1. Independence

The Board reviews the independence of each of its members every year, after obtaining the opinion of the Nominations and Governance Committee, in particular in light of the independence criteria in the AFEP-MEDEF Code and taking account of the specific needs of L'Oréal. The findings of this evaluation are reported to the shareholders and made available to the general public.

2.1.2. Diversity

The Board considers the issue of the desirable balance of its composition and that of its Committees, notably in the representation of men and women, nationalities and diversity of skills. The objectives, terms and conditions, and results of its policy in this area are made public in the Corporate Governance Report and included in the Universal Registration Document.

2.1.3. Terms of office

The length of the term of office of Directors is four years. However, the staggering of the terms of office is organised in order to avoid renewing too many Directors at once and favour renewing Directors harmoniously.

In principle, it is agreed by the Board members that all Directors will tender their resignation to the Board prior to the Annual General Meeting following their 73rd birthday and that they will no longer apply for renewal of their term of office if this rule does not enable them to perform their office for at least two years.

In any event, in accordance with French law and the Articles of Association, the total number of Directors who are over 70 years of age may not exceed one third of the Directors in office.

2.2. Chairman of the Board

The Board of Directors must elect a Chairman from among its members.

The Chairman of the Board organises and oversees the Board's work and reports thereon to the Annual General Meeting.

The Chairman sets the dates and the agenda for Board meetings and leads the discussions.

The Chairman is actively involved in defining the Company's growth strategy and encourages and strengthens, inter alia, links between the Company and the main market players.

The Chairman oversees the work of the Company's bodies responsible for corporate governance and ensures, in particular, that the Directors are able to perform their duties. He may ask for the communication of any document or information that is likely to assist the Board of Directors in preparing for its meetings.

The Chairman of the Board must use his best efforts to promote the values and image of the Company at all times. He expresses his views in that capacity.

He is provided with the material resources required to perform his duties.

The Chairman of the Board takes care, particularly in the event of separation of roles, to develop and maintain a trustful and regular relationship between the Board and the General Management, in order to guarantee continuous, ongoing implementation by the General Management of the strategies defined by the Board.

3. Rights and obligations of the Directors

3.1. Knowledge of and compliance with regulatory texts, recommendations and obligations

Each of the members of the Board declares that they have read the following documents:

- the Company's Articles of Association;
- the legal and regulatory texts that govern French "sociétés anonymes" (public limited companies) within the framework of the functioning of a Board of Directors and, in particular, the rules relating to:
  - the number of offices that may be held simultaneously;
  - the agreements and transactions concluded between the Director and the Company;
  - the definition of the powers of the Board of Directors;
  - the holding and use of inside information, which are discussed in section 3.6.;
- the recommendations defined in the AFEP-MEDEF Code;
- L'Oréal's Code of Ethics;
- L'Oréal's Stock Market Code of Ethics;
- and the provisions of these Rules.

3.2. Respect for the interests of the Company

The Directors are required to act in all circumstances in the interest of the Company and all its shareholders.

The Directors are obliged to notify the Board of any situation that may constitute a conflict of interest, even if such conflict is only potential, and must refrain from participating in the corresponding deliberations.

The Directors must inform the Board every year of the offices and positions they hold in other companies and of any conflicts of interest, even if they are only potential, that they have identified (see Annual Report on independence under Article 4.4).

The Board furthermore discusses every year the assessment of whether or not the business relationships maintained between the companies in which the Directors hold their offices and the Company are significant. It reports on its evaluation in the Universal Registration Document.

3.3. Obligations of due diligence and provision of information

The Director must devote the necessary time and attention to his/her duties.

He/she must limit the number of offices held so as to ensure his/her availability.

A Director must not hold more than four other terms of office in listed companies outside the Group, including foreign companies. The Director concerned is given enough time to bring his/her situation into compliance with this rule, where required.

The Director must keep the Board informed of the terms of office held in other companies, including his/her participation on the Board Committees of such French or foreign companies.

A corporate officer must not hold more than two offices as Director in listed companies outside the Group, including foreign companies. The Director must ask for the Board's opinion before accepting a new corporate office in a listed company.

Each Board member undertakes to be diligent:

- by attending all Board meetings, where necessary by means of videoconference or telecommunication facilities, except in the case of a major impediment;
- by attending, whenever possible, all General Shareholders' Meetings;
- by attending the meetings of the Board Committees of which he/she is a member.

The Corporate Governance Report gives shareholders all useful information on the Directors' individual participation in these sessions and meetings.

In connection with decisions to be made, the Director must ensure that he/she has all the information he/she considers essential for the smooth conduct of the work of the Board or the Committees. If this information is not made available to him/her, or he/she considers that it has not been made available, he/she must request such information from the Chairman of the Board who is required to ensure that the Directors are in a position to perform their duties.

3.4. Learning for Directors

All the Directors, and in particular those representing the employees, may benefit, on their appointment or throughout their directorship, from the appropriate learning programmes for the exercise of the office.

These learning programmes are organised and proposed by the Company and are provided at its expense.

3.5. Obligation of reserve and confidentiality

The Directors undertake not to express themselves individually other than in the internal deliberations of the Board on questions raised at Board meetings.

Outside the Company, only collegial expression is possible, particularly in the form of releases intended to provide the markets with information.

With regard to information not in the public domain to which the Director has access as a result of his duties, the Director must consider him/herself to be bound by strict professional confidentiality, which is more demanding than the mere legal obligation of discretion. This obligation applies to all persons called on to attend Board meetings, and covers all information of a confidential nature and all information presented as confidential by the Chairman of the Board.

Beyond this legal obligation and to ensure the quality of the discussions of the Board of Directors, all the information given to Board members and the opinions they express must be kept strictly confidential.

This obligation applies to any person invited to attend a Board meeting.

3.6. Stock market ethics

3.6.1. Principles

The Company has put in place a "Stock Market Code of Ethics" that is regularly updated, in particular to take into account changes in the regulations in force. This Code was updated following the applicability, as from 3 July 2016, of European Regulation (EU) No. 596/2014 on market abuse ("Market Abuse Regulation"). The Board members comply with the Principles of Stock Market Ethics "related to inside information" provided for by this code.

Inside information must only be used by the Director in the exercise of his office. Such information must in no case be communicated to a third party other than in the exercise of the tenure as Director, and for any other purpose or any other activity than those for which it is held.

It is the duty of all Directors to refrain from trading in, having others trade in, or enabling others (including through recommendations or encouragements) to trade in the securities of the Company on the basis of this information, until such time as the information has been made public.

It is the personal responsibility of each Director to determine whether the information he/she holds is inside information or not, and accordingly whether he/she may or may not use or transmit any of the information, and whether he/she may or may not trade or have others trade in the Company's securities.

3.6.2. Abstention periods

During the period preceding the publication of any inside information to which Directors have access, in their capacity of insiders, the members of the Board must by law refrain from all trading in the Company's securities.

Furthermore, in accordance with the Market Abuse Regulation and the recommendations of the French financial markets authority (AMF), they are prohibited from trading in the Company's shares over the following periods:

- a minimum of 30 calendar days before the date of publication of the press release on the annual and half-year results;
- a minimum of 15 calendar days before the date of publication of the press release on quarterly financial information.

The Directors are only authorised to trade in L'Oréal shares on the day after publishing the press release.

3.6.3. Insider trading

The Director has been informed of the provisions in force relating to the holding of inside information, insider trading and the unlawful disclosure of inside information: Articles 465-1 et seq., L. 621-14 and L. 621-15, III c of the French Monetary and Financial Code and Articles 7 et seq. of the Market Abuse Regulation.

3.6.4. Obligation to declare trading in the securities of the Company

In accordance with the applicable regulations, the Directors and closely associated persons, as defined by Article 3.1.26 of the Market Abuse Regulation, must inform the AMF[1] of all acquisitions, sales, subscriptions or trades of the Company's shares and transactions involving related instruments where the cumulative amount of such transactions is higher than €20,000 for the current calendar year.

The Directors and closely associated persons must submit their declarations to the AMF by email within three trading days following completion of the transaction.

These individuals must simultaneously provide a copy of this declaration to the Secretary of the Company's Board of Directors.

The declarations are then posted on the AMF's website and are mentioned in an annual summary set out in the Company's Management Report.

3.6.5. Appointment of an Internal Stock Market Ethics Advisor

L'Oréal has appointed an "Internal Stock Market Ethics Advisor", who is responsible for assisting, in confidence, any person who so requests, with the analysis and assessment of their situation, without prejudice to the principle of personal accountability.

(1) *On the AMF's secure website, ONDE, after verification of identity by email to the following address: ONDE_Administrateur_Deposant@amf-france.org.*

3.7. Holding of a minimum number of shares

In accordance with the AFEP-MEDEF Code and independently of any obligation to hold shares under the Articles of Association, the Directors must personally be shareholders of the Company and hold a significant number of shares.

Each Director shall own at least 250 shares in the Company: at least 125 shares on the date of his/her election by the Annual General Meeting, and the balance no later than 24 months after this election.

The decision as to whether the shares held by the Director should be registered or deposited, in full or in part, is the responsibility of the Director.

This stock ownership obligation is not applicable to the Directors representing the employees.

4. Modus operandi of the Board of Directors

4.1. Convening the Board

The Board is convened by any appropriate means. Notices convening a meeting may be transmitted by the Secretary of the Board of Directors. They are sent in writing at least eight days prior to each meeting, except in particular circumstances. The notices specify the venue of the meeting, which may be the headquarters or any other venue.

All the documents that are necessary to inform the Directors about the agenda and about any questions submitted to the Board for review are enclosed with the notice convening the meeting or are sent or provided to them within a reasonable period of time, prior to the meeting.

These documents may be provided to them on a secure digital platform, within a reasonable period of time prior to the meeting. They may in exceptional cases be provided at the meeting.

4.2. Board meetings and method of participation

The Board meets as often as required in the best interest of the Company, and at least five times per year.

The dates of the Board meetings for the following year are set no later than the beginning of the summer, except in the case of Extraordinary Meetings.

The frequency and length of Board meetings must be such that they allow for an in-depth review and discussion of the matters that fall within the scope of the remits of the Committees.

The Directors meet once a year without the presence of the executive corporate officer, the Directors representing the employees or any other Group employee.

In accordance with the legal and regulatory provisions and with Article 9 section 2 of the Articles of Association, Directors who take part in Board meetings by means of videoconference or telecommunication facilities are deemed to be present for the purpose of calculating the quorum and the majority.

These means must guarantee simultaneous, continuous retransmission of the debates.

However, these means of participation are excluded when the Board so decides and in any event when it decides with regard to closing of the Company's parent company and consolidated financial statements and on the preparation of the Management Report.

A Director who participates by means of videoconference or teletransmission must ensure that the confidentiality of the debates is preserved.

The attendance register mentions the Board members who attend Board meetings by means of videoconference or telecommunication facilities, with the Secretary of the meeting having the task of initialling the register for them.

The Board may take the following decisions by written consultation with the Directors, electronically if necessary: (i) co-optation of Directors, (ii) authorisations related to the sureties, endorsements and warranties referred to in Article L. 225-35 of the French Commercial Code, (iii) amendments to the Articles of Association to ensure compliance with the legislative and regulatory provisions, when the Annual General Meeting has approved a delegation for this purpose, (iv) the convening of the Annual General Meeting and (v) decisions to transfer the registered office within the same department.

At the request of the Chairman of the Board, the Board Secretary will send the consultation to each Director, with an indication of the appropriate deadline by which to respond, as determined by the Chairman based on the decision to be taken, the urgency or the time required to reflect on the vote to be made. The document provided for this purpose details the procedures of the consultation, its purpose, a presentation and the reasons for the proposed decision, as well as the draft deliberation. Directors who have not responded by the end of the specified deadline will not be considered to form part of the quorum for the purposes of taking the decisions set out in the consultation, unless the Chairman has extended the said deadline. The Secretary of the Board counts the votes of the Directors on the proposed resolution and informs the Board of the result of the vote.

4.3. Minutes of Board meetings

Minutes are prepared for each Board meeting.

The minutes of the meeting mention the use of videoconference or telecommunication facilities and the name of each person who participated in the Board by such means. The minutes also indicate whether any technical incidents occurred during a meeting held by means of videoconference or telecommunication facilities, and if such incidents disrupted the course of the meeting.

The minutes of the deliberations include a summary of the debates and specify the decisions that were made. They mention the questions raised or the reservations expressed by participants.

The draft minutes of the last Board meeting are sent or given to all the Directors at the latest on the date when the next meeting is convened.

The Secretary of the Board is empowered to issue and certify copies or extracts of the minutes of Board meetings.

Decisions taken by means of written consultation with the Directors are recorded in minutes that are stored under the same conditions as other decisions taken by the Board of Directors.

4.4. Secretary of the Board

The Secretary is appointed by the Board. He/she assists the Chairman in organising the Board's work and in particular with regard to the definition of the annual work programme and the dates of Board meetings.

With the support of the General Management, he/she ensures the quality and production, sufficiently in advance, of the documents and drafts put to the vote of the Board at its meetings.

He/she prepares the draft minutes of Board meetings, which are submitted for the Board's approval.

He/she is responsible for the secure IT platform made available to the Directors.

He/she monitors on an ongoing basis changes in the regulations and reflections in the marketplace with regard to the corporate governance of listed companies.

The Secretary organises, together with the Chairman, the annual evaluation of the Board's work and receives the annual reports on independence by each Director (see Article 3.2).

Every Director may consult the Board Secretary at any time with regard to the scope of the rights and obligations linked to his/her office.

4.5. Annual evaluation of the modus operandi of the Board

Every year, the Board carries out an evaluation of its ability to respond to the expectations of shareholders by reviewing its composition, its organisation and its modus operandi.

At its last meeting for the year and on the basis of a summary of the interviews that are previously organised and conducted with each Director, based on a guide which includes the recommendations adopted by the AFEP-MEDEF Code, the Board discusses points of view and opinions expressed. It draws the conclusions from this with the aim of improving the conditions for the preparation and organisation of its work and that of its Committees.

The results of the evaluation, with the avenues of progress that remain open, are passed on to the shareholders in the Annual Report and at the time of the Annual General Meeting.

5. Board Committees

When the Board sets up Committees, it appoints the members of these Committees and determines their duties and responsibilities.

These Committees act within the remit granted to them by the Board and therefore have no decision-making power. The Committees may not at any time take over the powers of the General Management as set out in chapter 1.2.2. of these Rules.

The Committee members are Directors. They are appointed by the Board in person and may not be represented. All Board members have the necessary qualifications due to their professional experience. They actively take part in Committee meetings with complete freedom of judgement and in the interest of the Company.

The task of secretary of each Committee is carried out by a person appointed in agreement with the Chairman/Chairwoman of the Committee. It may also be performed by the Secretary of the Board.

Each Committee defines the frequency of its meetings. These meetings are held at the Company's headquarters or at any other place decided by the Chairman/Chairwoman of the Committee.

The Chairman/Chairwoman of each Committee prepares the agenda for each meeting.

The Committees may make contact, in the exercise of their duties, with the Company's main senior managers, in agreement with the Chairman/Chairwoman of the Board and after informing the General Management and will report on such contacts to the Board.

The Board may entrust a Committee Chair, or one or more of its members, with a special assignment or project to carry out specific research or study future possibilities. The designated individual will report on this work to the Committee concerned such that the Committee may deliberate on this work and in turn report thereon to the Board.

For each Committee meeting, its members may decide to invite any other person of their choice to attend as needs be and on an advisory basis, when they consider it appropriate.

In its field of competence, each Committee makes proposals and recommendations and expresses opinions as the case may be. For this purpose, it may carry out or have carried out any studies that may assist the Board's deliberations. When they use the services of external consultants, the Committees must ensure that their service is objective.

5.1. Strategy and Sustainability Committee

5.1.1. Remits

The remit of the Strategy and Sustainability Committee is to throw light, through its analyses and debates, on the Group's strategic orientations, including its multi-annual strategic orientations for corporate social responsibility, as submitted to the Board of Directors, and to monitor the implementation and advancement of significant operations in progress.

The Committee examines:

- the main strategic lines of development, options and projects presented by the General Management, and their economic, financial, social and environmental consequences;
- opportunities for acquisitions or investments that involve significant amounts or represent a departure from the Group's usual business operations, and the conditions relating to their implementation;
- financial transactions that could significantly change the balance sheet structure;
- the Company's commitments with regard to sustainability, in light of the issues specific to the Group's business activities and its objectives, and the means and resources put in place; and
- the proposed strategic orientations to be defined by the Board with a view to consulting the Economic and Social Committee.

More generally, the Committee debates all questions considered essential for the future strategy of the Group and for preserving its main financial balances.

5.1.2. Work organisation

It meets when convened by the Chairman/Chairwoman of the Committee whenever he/she or the Board considers this appropriate.

The agenda of the meetings is set by the Chairman/Chairwoman of the Committee, in conjunction with the Board of Directors if the Board initiates the meeting.

The Strategy and Sustainability Committee reports on its work to the Board whenever necessary at least once a year.

5.2. Audit Committee

5.2.1. Remits

The Audit Committee, acting under the responsibility of the members of the Board, is responsible for monitoring issues relating to the preparation and control of accounting, financial and sustainability reporting, the Internal Control and risk management systems, and questions relating to the Statutory Auditors.

The Audit Committee must ensure that the General Management has the means to enable it to identify and manage the economic, financial, legal and sustainability risks the Group faces both within and outside France in the conduct of its normal or exceptional operations.

Without prejudice to the areas of authority of the Board of Directors, this Committee is responsible in particular for:

- **monitoring the process for developing financial information and sustainability reporting**, including in digital format, where applicable, and making recommendations to ensure the integrity of these processes.

The Committee is informed of the accounting rules applicable within the Group. Any issues that may be encountered in the due and proper application of such rules are referred to it. It examines any proposal for a change in accounting principles or in accounting methods and stays informed, in particular with regard to accounting principles at the national and international level.

The Audit Committee's review of the financial statements is accompanied by a presentation by the Chief Financial Officer describing the Company's significant off-balance sheet commitments;

- **monitoring the efficiency of the Internal Control and risk management systems, as well as Internal Audit,** with regard to the procedures for developing and processing accounting and financial information and sustainability reporting, including in digital format, without its independence being undermined;
- **monitoring the Group's main risk exposures and sensitivities**. The Committee reviews, in particular, the programme and objectives of the Internal Audit Department and reviews the main topics that it identifies as well as the Internal Control systems methods and procedures used.

It conducts an annual review of the section of the Management Report on risk factors and Internal Control and risk management procedures.

The Audit Committee's review of the financial statements is accompanied by a presentation by the Chief Financial Officer describing the Company's exposure to significant risks;

- monitoring the performance of the statutory audit of the annual and consolidated financial statements by the Statutory Auditors and the independent third-party organisation (ITO), as well as sustainability reporting certification.

It reviews the audit plan and the work programme of the Statutory Auditors and, where applicable, the ITO, the findings of their audits, their recommendations and the follow-up action taken further to such recommendations.

It reviews the breakdown of fees billed by the Statutory Auditors and, where applicable, the ITO.

It takes into account the findings and conclusions of the French regulatory body for statutory auditors *(Haute Autorité de l'Audit)* following the audits carried out.

- **ensuring that the Statutory Auditors and, where applicable, the ITO, comply with their independence requirements.**

It makes a recommendation with regard to the Statutory Auditors and, where applicable, the ITO, proposed for appointment by the Annual General Meeting, and makes further recommendations for the renewal of such appointments;

- approving the provision of services, in accordance with the "Code of Conduct for the provision of services that may be entrusted to the Statutory Auditors of the L'Oréal Group and to their networks".

It decides on this point after analysing the risks to the independence of the Statutory Auditors and, where applicable, the ITO, and the safeguards applied by them. The Committee may therefore approve each non-audit service on a case-by-case basis or approve a set of services as a whole;

- reporting regularly to the Board on the exercise of its remit. It also reports on the repercussions of the audit and sustainability reporting certification, as well as on the way in which this audit contributed to the integrity of financial information and sustainability reporting. It reports on the role that it has played in this process. The Committee informs the Board of Directors without delay of any difficulty encountered.

This monitoring enables the Committee to issue recommendations, where necessary, concerning the improvement of existing processes and the possible setting up of new procedures.

The Audit Committee can be consulted for all questions relating to procedures for controlling risks of an unusual nature, particularly when the Board or the General Management considers it appropriate to submit such questions to it.

5.2.2. Composition

All the Directors who are members of this Committee have the necessary qualifications due to their professional experience and their good knowledge of the Group's accounting and financial procedures.

As soon as they are appointed, the members of the Audit Committee must receive specific information on the Company's accounting, financial or operational particularities.

The appointment or renewal of the Chairman/Chairwoman of the Audit Committee, proposed by the Nominations and Governance Committee, must be subject to a specific review by the Board.

The Chairman/Chairwoman and Chief Executive Officer or the Chief Executive Officer is not a member of the Audit Committee.

5.2.3. Work organisation

The Chairman/Chairwoman of the Audit Committee issues guidelines for the Committee's work each year, based on his/her judgement concerning the importance of the specific types of risk faced, in agreement with the General Management and the Board.

The Committee meets when convened by its Chairman/Chairwoman, whenever the Chairman/Chairwoman or Board considers this appropriate.

The agenda of the meetings is set by the Chairman/Chairwoman of the Committee, in relation with the Board if the latter initiated the convening of the meeting. The agenda is sent to the Committee members before the meeting, together with the information which is useful for their debates.

To carry out its remit successfully, the Audit Committee may also, in agreement with General Management, obtain information from people who are able to assist it in the performance of its tasks, and in particular senior managers in charge of economic and financial issues and those in charge of information processing.

5.2.3.1. Relations with the Statutory Auditors and, where applicable, the ITO

The Committee regularly interviews the Statutory Auditors and, where applicable, the ITO, sometimes without management being present.

The Statutory Auditors and, where applicable, the ITO, inform the Audit Committee of:

- the general work programme implemented as well as the various sampling tests they have carried out;
- the changes which they consider should be made to the financial statements to be approved or other accounting documents, making any appropriate observations on the valuation methods used to prepare them;
- the irregularities and inaccuracies they may have discovered;
- the conclusions resulting from the above observations and rectifications with regard to the results for the period compared to those for the previous period.

The Statutory Auditors and, where applicable, the ITO, also assess, with the Audit Committee, the risks with regard to their independence and the protective measures taken to mitigate these risks. For this purpose, the Committee obtains a statement of independence from the Statutory Auditors and, where applicable, the ITO.

They inform the Committee of significant Internal Control weaknesses, with regard to the procedures for preparation and processing of accounting and financial information and sustainability reporting, and provide it with the documents required by law every year.

5.2.3.2. Activity Report

The Audit Committee regularly reports to the Board on the exercise of its remits and takes note of the Board's observations.

The Committee informs the Board without delay of any difficulty encountered.

In its report, the Audit Committee makes the recommendations it considers appropriate with regard to:

- the suitability of the various procedures and of the system as a whole in terms of achieving the objective of managing information and risk;
- the effective application of the procedures in place, and where appropriate, the means implemented to achieve this aim.

It also formulates in its report all recommendations and proposals aimed at improving the effectiveness of the various procedures or at adapting them to a new situation.

If during its work, the Committee detects a substantial risk which in its view is not adequately handled, it notifies the Chairman of the Board accordingly.

5.3. Nominations and Governance Committee

5.3.1. Remits

The main tasks of the Nominations and Governance Committee, within the context of the work of the Board, are to:

- review and propose to the Board candidates for appointment as new Directors. For this purpose, the Committee prepares a list, which is continually updated, of persons who could be appointed as Directors under the diversity policy applied to the Board of Directors and detailed in the Management Report. The Nominations and Governance Committee may commission one or more international firms that specialise in scouting for independent Directors and may collect possible suggestions from the Directors. The Committee evaluates the knowledge and expertise of the candidates in terms of the needs identified in line with the diversity policy. The Nominations and Governance Committee makes its recommendations to the Board in the context of the selection of future new Directors;
- make recommendations on the diversity policy applied to the Board of Directors;
- provide the Board with clarifications on the conditions of performance of General Management and the status of the corporate officers;
- issue an opinion on proposals made by the Chairman of the Board for the appointment of the Chief Executive Officer;
- ensure the implementation of a procedure for the preparation of succession plans for the corporate officers in the event of an unforeseen vacancy;
- ensure that the AFEP-MEDEF Code to which the Company refers is applied;
- discuss governance issues related to the functioning and organisation of the Board;
- decide on the conditions in which the regular evaluation of the Board is carried out;
- discuss the classification of Directors as independent, which is reviewed by the Board every year prior to publication of the Annual Report;
- conduct a review of the Committees that are in charge of preparing the Board's work;
- review the implementation of the procedure for regular evaluation of current agreements concluded under normal terms;

- review the rules of ethical conduct, as set out in the Code of Business Ethics, and the Group's strong values, such as respect and integrity, which must be widely disseminated, known and put into practice.
- prepare the decisions by the Board with regard to updating its Internal Rules.

5.3.2. Work organisation

The Committee meets when convened by its Chairman/ Chairwoman, whenever the Chairman/Chairwoman or Board considers this appropriate.

The agenda of the meetings is set by the Chairman/ Chairwoman of the Committee, in relation with the Board if the latter initiated the convening of the meeting.

The Committee may meet at any time it considers to be appropriate, for example to assess the performance of the Company's senior managers.

The Chairman/Chairwoman of the Board is associated with its work, except with regard to all the topics concerning him or her personally.

The Committee must regularly report on its work to the Board and makes proposals to the Board.

5.4. Human Resources and Remuneration Committee

5.4.1. Remits

The Board freely determines the remuneration of the Chairman/Chairwoman, the Chief Executive Officer and the Deputy Chief Executive Officers.

Within this framework, the main tasks of the Human Resources and Remuneration Committee are to make proposals with regard to the following in particular:

- the fixed and variable compensation of the Chairman/ Chairwoman of the Board and any other benefits he or she receives;
- the fixed and variable remuneration of the Chief Executive Officer and any other benefits he or she receives (pension, severance indemnities etc.);
- the amount of the remuneration budget for Directors to be submitted to the Annual General Meeting and the method of distribution;
- the implementation of long-term incentive plans.

The Committee considers questions relating to the remuneration of corporate officers outside their presence.

The Committee also considers all of the other components of the Human Resources policy, including employee relations, recruitment, diversity, talent management and fostering employee loyalty. As part of this review, the Committee is informed, in particular, of the remuneration policy for the main managers who are note directors or corporate officers.

5.4.2. Work organisation

The Committee meets when convened by its Chairman/ Chairwoman, whenever the Chairman/Chairwoman or Board considers this appropriate. The agenda of the meetings is set by the Chairman/Chairwoman of the Committee, in relation with the Board if the latter initiated the convening of the meeting.

The Committee may meet at any time it considers to be appropriate, for example to assess the performance of the Company's senior managers.

The Chairman/Chairwoman of the Board is associated with its work, except with regard to all the topics concerning him or her personally. The Committee is required to report regularly on its work to the Board and make proposals to the Board.

6. Remuneration of Directors

Directors receive a remuneration in this capacity, the amount of which is approved by the Ordinary General Meeting, and which is allocated as decided by the Board.

The method of allocation of this remuneration comprises a predominant variable portion determined on the basis of the regularity of attendance at Board and Committee meetings.

The Board of Directors may award exceptional remuneration for specific assignments or offices entrusted to the Directors and subject to related-party agreements.

The Directors have the possibility of asking for reimbursement of the expenses necessary for the exercise of their corporate office upon presentation of supporting documents.

2.4. Remuneration of Directors and corporate officers

2.4.1. Compensation policy for Directors and corporate officers

Pursuant to Article L. -22-10-8 of the French Commercial Code, the Annual General Meeting of 23 April 2024 is called to approve the compensation policy for directors and corporate officers as established by the Board of Directors (resolutions 14 to 16), i.e. the remuneration of:

- L'Oréal Directors;
- Chairman of the Board of Directors; and
- Chief Executive Officer.

This policy describes all the components of directors and corporate officers' remuneration, and explains the decision-making process followed to determine, review and implement this policy.

For the record, the Annual General Meeting of 21 April 2023 approved the remuneration policy for Directors at 99.67%, for the Chairman of the Board of Directors at 96.15% and for the Chief Executive Officer at 93.18%.

On the recommendation of the Human Resources and Remuneration Committee, the Board of Directors meeting of 8 February 2024 decided to:

- re-recommend the remuneration policy for Directors;

- renew the remuneration policy for the Chief Executive Officer, with the exception of an adjustment to the non-financial performance criteria for awarding performance shares;
- review the remuneration policy for the Chairman of the Board of Directors by changing his annual fixed compensation to €950,000 from 1 May 2024, instead of his previous compensation of €1,600,000.

These policies are subject to the approval of the Annual General Meeting of 23 April 2024.

2.4.1.1. Remuneration policy for Directors

Directors receive remuneration[1], the maximum amount of which is approved by vote at the Ordinary General Meeting, and which is allocated by the Board in accordance with the remuneration policy.

Remuneration for serving on the Audit Committee is €30,000. Remuneration for serving on the Strategy and Sustainability Committee, the Nominations and Governance Committee, and the Human Resources and Remuneration Committee is €16,000.

Following the authorisation given by the Annual General Meeting in 2023, the maximum annual remuneration budget for directors was increased to a maximum of €1,700,000.

The Board of Directors proposes that the remuneration policy to be put to the vote at the Annual General Meeting of 23 April 2024 (Resolution 14) should continue to be allocated as follows:

Board of Directors	Fixed annual sum	Amount per Board meeting	Total for the Board of Directors*
	€30,000	€6,500	**€69,000**
		€10,000 (Directors located outside Europe – presence at a meeting)	**€90,000**
Board Committees	Fixed annual sum	Variable annual amount**	Total amount per Committee***
Audit	€10,000	€20,000	€30,000
Strategy and Sustainability	€6,000	€10,000	€16,000
Nominations and Governance	€6,000	€10,000	€16,000
Human Resources and Remuneration	€6,000	€10,000	€16,000

* *Based on six meetings per year.*
** *Allocated on the basis of attendance at Committee meetings.*
*** *Based on a 100% attendance rate.*

In accordance with the provisions of the AFEP-MEDEF Code, the majority of this remuneration for distribution among the Directors is comprised of a variable portion that depends on regularity of attendance at meetings.

Committee Chairs receive double the remuneration of committee members.

Attendance at Board meetings for Directors located outside Europe is remunerated at €10,000 per meeting, except for participation by videoconference; in this case, the Board meeting is remunerated at €6,500.

In the event of a meeting of an ad-hoc Committee formed to work on a specific matter that does not fall within the remit of any other existing Committee, the Human Resources and Remuneration Committee may propose to the Board the payment of additional remuneration to the Directors who are members of this Committee, in accordance with the overall budget.

2.4.1.2. Compensation policy for corporate officers

The Board refers, in particular, to the recommendations of the AFEP-MEDEF Code for the determination of the remuneration and benefits granted to corporate officers.

According to this Code, the corporate officers of a French "société anonyme à conseil d'administration" (public limited company with a Board of Directors) are: the Chairman and Chief Executive Officer, the Chief Executive Officer, the Deputy Chief Executive Officer(s) (executive corporate officers) and the Chairman of the Board not assuming the office of Chief Executive Officer (non-executive corporate officers).

The remuneration policies are designed to apply to:

- Mr Nicolas Hieronimus, in his position as Chief Executive Officer; and
- Mr Jean-Paul Agon, in his position as Chairman of the Board of Directors.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board ensures that the remuneration policy complies with the principles of comprehensiveness, balance, comparability, consistency, transparency and proportionality, and takes into account market practices.

2.4.1.2.1. Remuneration policy applicable to the executive corporate officer

A/ Fundamental principles for determination of the remuneration of the executive corporate officer

Specific requirements for appointments as executive corporate officers for employees who have completely succeeded in the various stages of their careers in the Group

L'Oréal's constant practice has been to appoint senior managers who have completely succeeded in the various stages of their careers in the Group as executive corporate officers.

The remuneration policy applicable to the executive corporate officer is the logical result of this choice.

(1) *Formerly known as "attendance fees".*

It must make it possible to attract the most talented employees of L'Oréal to the very top positions in General Management, without them being deprived for all that, after a long career in the Group, of the benefits to which they would have continued to be entitled if they had remained employees.

To achieve this objective, the Board of Directors decided to maintain the employment contract of the executive corporate officer with at least 15 years' service at the time of their appointment in the Group and ensured that the benefits under the suspended employment contract are not combined with those in respect of the corporate office.

The Board of Directors has considered that the objective pursued by the AFEP-MEDEF and intended to avoid the combination of benefits drawn from both an employment contract and a corporate office, could be fully achieved by maintaining the suspended employment contract and clearly separating the benefits related to the corporate office from those relating to the employment contract.

This is why the Board of Directors has decided to make a clear distinction between:

- on the one hand, the remuneration components related to the corporate office: fixed and variable remuneration and grant of performance shares; and
- on the other hand, the other benefits that may be due pursuant to the suspended employment contract: termination indemnities, retirement indemnities in the event of voluntary retirement or retirement at the Company's request, financial consideration for the non-compete clause and the defined benefit pension scheme

Remuneration in respect of the corporate office will in no event be taken into consideration in the calculation of all benefits that may be due under the employment contract described above.

The reference remuneration to be taken into account for all rights attached to the employment contract, in particular, for the calculation of the aforementioned pension scheme, will be based on the amount of remuneration at the date of suspension of the employment contract. This reference remuneration is revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund *(Caisse Nationale d'Assurance Vieillesse)*. The seniority applied will cover the entire career, including the years spent as a corporate officer.

Information on the benefits that could be owed under the suspended employment contract are discussed in subsection 2.4.3. "Termination indemnities and supplementary pension scheme applicable to corporate officers".

The executive corporate officer is also considered in the same way as a senior manager during the term of their corporate office, which allows them to continue to benefit from the additional social protection schemes and, in particular, from the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees.

Remuneration that is consistent with the remuneration of the Company's senior managers

The remuneration policy for the executive corporate officer is in line, where applicable, with the policy which was applied to them as senior managers.

Their level of remuneration as an executive corporate officer is set on the basis of the level of responsibilities they exercised in the company at the time of their appointment.

The remuneration policy is based on the same foundations and instruments as those applied to the Company's senior managers. The remuneration principles are therefore stable and durable.

The Board of Directors is informed every year of the Group's Human Resources policy. It is in a position to verify the consistency between the remuneration of the executive corporate officer and the procedures in place, particularly for the members of the Group's Executive Committee, on the basis of the work by the Human Resources and Remuneration Committee and the Nominations and Governance Committee.

Competitive remuneration in comparison to a coherent and stable reference panel

The remuneration of the executive corporate officer must be competitive in order to attract, motivate and retain the best talents in the Company's top positions.

This remuneration is assessed overall, namely by taking into account all the components that make it up.

To assess the competitiveness of this remuneration, a coherent and stable reference panel is defined with the assistance of an external consulting firm.

The panel consists of French and international companies that have leading global positions. These companies operate on similar markets and are, in the cosmetics sector, direct competitors of L'Oréal, or operate on the wider everyday consumer goods market, as regards all or part of their business activities.

This panel is composed of the remuneration of executives in the following companies:

Colgate Palmolive	Kimberly Clark	Reckitt Benckiser	Beiersdorf	Danone
GSK	Henkel	LVMH	Unilever	
Estée Lauder	Kenvue	Procter & Gamble	Kering	

This panel is re-examined every year by the Human Resources and Remuneration Committee in order to check its relevance. It may evolve, particularly to take into account the changes in the structure or business activities of selected companies, on the basis of the proposals made by the external advisory firm.

Remuneration that is aligned to the Company's social interest and directly linked to the Company's strategy

The Board of Directors has aligned the remuneration policy for an executive corporate officer in the interests of the Company, in order to ensure the long-term sustainability and development of the Company, taking into consideration the social and environmental challenges of its business activity and the sense of purpose (raison d'être) of L'Oréal.

a) Close links with strategy

The remuneration policy applied to the executive corporate officer is directly linked to the Group's strategy. It supports its development model. It promotes harmonious, regular, durable growth, both over the short and long term. Indeed, the Board of Directors strives constantly to incite the General Management both to maximise performance for each financial year and to ensure that it is repeated and regular year-on-year. This is in line with L'Oréal's stated objective of economic and societal excellence.

b) Performance targets that are directly correlated with those of the Company and create value

The Board of Directors chooses to correlate the executive corporate officer's performance directly with the Company's performance by using the same performance indicators, financial indicators in particular.

The choice of correlating the performance criteria for the executive corporate officer's remuneration with the Company's performance indicators, particularly those of a financial nature, is the guarantee of a clear and relevant remuneration policy.

These criteria make it possible to assess L'Oréal's intrinsic performance, namely its progress year-on-year via internal performance indicators and also its relative performance as compared to its market and its competitors via external growth indicators.

The objectives adopted generate long-term value creation. In particular, the choice of varied operational financial criteria aims at encouraging durable, balanced growth. Overall long-term performance results from the convergence of these criteria.

These objectives must also be an incentive for the executive corporate officer to adapt the Group's strategy to the profound transformations in the world of beauty, and the digital revolution in particular.

c) Preponderant portion of the remuneration subject to performance conditions

The executive corporate officer's remuneration must include a predominant portion subject to performance conditions, with annual and multi-annual assessment periods adapted to the time horizon of each of these objectives.

Remuneration that is directly in line with the Group's ambitious social, societal and environmental commitments

The remuneration must be designed to favour a regular and sustainable development, in line with the Group's commitments with regard to ethics, and respectful of the environment in which L'Oréal operates. In 2020, L'Oréal announced its Corporate Social Responsibility vision by 2030 in the context of the L'Oréal for the Future programme, which has a set of objectives for climate, biodiversity, water and the use of natural resources.

The social and societal commitment is just as important since no environmental transition is possible without an inclusive society. The annual variable portion of the executive corporate officer's remuneration, and their long-term remuneration, includes non-financial criteria related to L'Oréal's sense of purpose and the commitments made by the Group, particularly in the context of its corporate social, societal and environmental responsibility programmes.

These criteria will be assessed year-on-year with a long-term perspective.

Remuneration that creates medium and long-term value for the shareholders

The executive corporate officer's remuneration must be linked to the variation over the medium-to long-term in the Company's intrinsic value and share performance. A significant portion of the executive corporate officer's remuneration thus consists of performance shares, a significant percentage of which is retained until the end of his/her corporate office, with the undertaking not to carry out risk hedging transactions.

This leads to alignment with the shareholders' interests, understood as long-term value creation.

B/ Policy on fixed and variable compensation and granting of performance shares to the executive corporate officer

The key for allocating target annual remuneration

The annual remuneration of the executive corporate officer consists of a fixed compensation, an annual variable remuneration and the granting of performance shares.

It does not include any exceptional components.

The Board of Directors adopts the various components of this remuneration, paying attention to the necessary balance between each of them.

Each component of the target annual remuneration corresponds to a well-defined and clearly substantiated objective.

The various components of annual remuneration form a balanced whole with a breakdown that is approximately:

- 50/50 between fixed remuneration and target annual variable remuneration[1];
- 50/50 between annual remuneration and long-term remuneration (performance shares)[2];
- 50/50 between cash remuneration and share-based remuneration; and
- 75/25 between remuneration subject to performance conditions and remuneration not subject to performance conditions.

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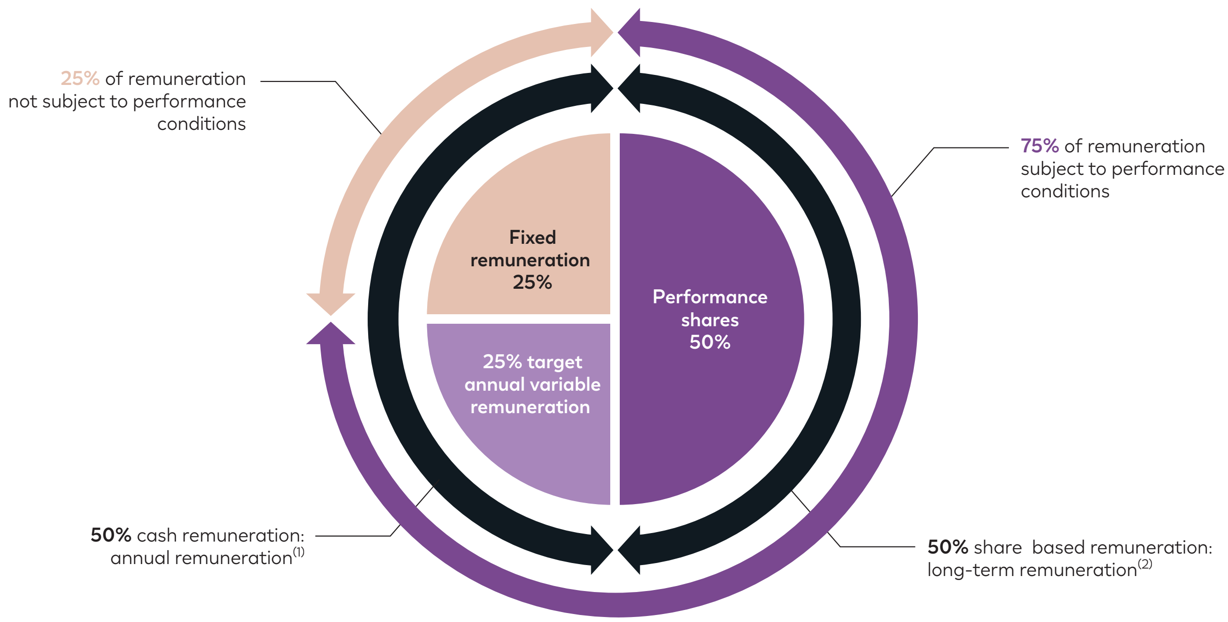
(1) Annual variable remuneration may reach 120% of the annual fixed compensation in the event of outperformance. See below.
(2) Long-term remuneration (performance shares) may not exceed 60% of annual remuneration. See below.

DIAGRAM SHOWING THE BALANCE BETWEEN THE DIFFERENT COMPONENTS OF THE TARGET ANNUAL REMUNERATION



(1) Annual variable remuneration may reach 120% of the annual fixed compensation in the event of outperformance. See below.
(2) Long-term remuneration (performance shares) may not exceed 60% of annual remuneration. See below.

N.B.: the employer's contributions to the additional social protection plans are to be added to the above.

Fixed remuneration

The fixed compensation must reflect the responsibilities of the executive corporate officer, his/her level of experience and skills.

It has remained stable for several years and may be re-examined at the time of renewal of the term of office. It serves as a basis to determine the maximum percentage of the target annual variable remuneration.

Annual variable remuneration

The target annual variable remuneration may amount to a maximum of 100% of the fixed compensation.

The annual variable remuneration may exceed 100% of the fixed compensation and up to a maximum of 120% of this remuneration in order to be able to remunerate outperformance. This outperformance is assessed on a criterion-by-criterion basis.

The aim is not to encourage inappropriate and excessive risk taking. For this purpose, the annual variable remuneration remains reasonable in comparison with the fixed portion.

The variable remuneration is designed to align the executive corporate officer's remuneration with the Group's annual performance and to promote the implementation of its strategy year after year.

The variable remuneration is based on precise performance appraisal criteria determined at the beginning of the year by the Board of Directors.

These criteria are financial, non-financial and qualitative.

The financial and non-financial criteria are simple and quantifiable. They represent a predominant portion of the annual variable remuneration. A limit is set on the qualitative portion.

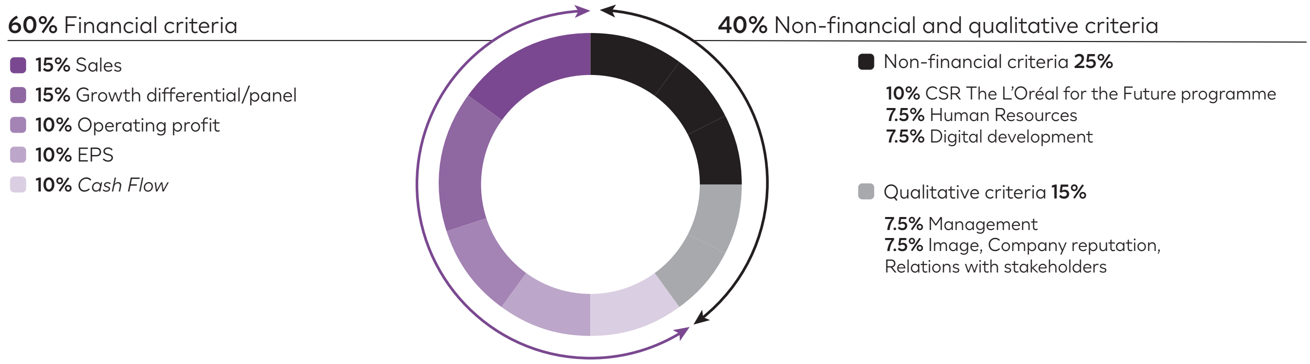
The weighting of each of the criteria and the objectives to be met are set at the beginning of the year in question and communicated to the executive corporate officer.

These criteria are the following:

- **for 60% of the annual variable remuneration:**
  - financial criteria directly correlated with the Company's performance indicators:
    - evolution in comparable sales as compared to the budget (15%);
    - evolution in market share compared to that of key competitors (15%);
    - evolution in operating profit as compared to the budget (10%);
    - evolution in net earnings per share as compared to the budget (10%); and
    - evolution in cash flow as compared to the budget (10%).
- **for 40% of the annual variable remuneration:**
  - non-financial criteria, linked in particular to:
    - the progress of the L'Oréal for the Future programme, which combines L'Oréal's commitments to sustainability for 2030 (10%),
    - the implementation of the Human Resources policy with special attention to the development of gender balance in the management bodies (7.5%), and
    - the digital development policy (7.5%),
  - qualitative criteria (15%).

The quantifiable, financial (60%) and non-financial (25%) criteria account for 85% of annual variable remuneration.

DETAILS OF WEIGHTING OF ANNUAL VARIABLE REMUNERATION



DETAILS OF NON-FINANCIAL CRITERIA LINKED TO THE PROGRESS OF THE L'ORÉAL FOR THE FUTURE PROGRAMME USED TO ASSESS THE PERFORMANCE OF THE EXECUTIVE CORPORATE OFFICER

TRANSFORMING OUR BUSINESS

Fighting climate change

- By 2025, 100% of the energy used by operated sites[1] will be renewable.
- By 2030, average reduction of 50% per finished product of greenhouse gas emissions related to the transport of Group products compared with 2016.

Managing water sustainably

- By 2030, 100% of the water used in the Group's manufacturing processes will be recycled and reused.

Respecting biodiversity

- By 2030, 100% of ingredients in the Group's formulas and bio-sourced packaging materials will be traceable and come from sustainable sources.

Preserving natural resources

- By 2030, 95% of ingredients in the Group's formulas will be bio-sourced, and come from abundant minerals or circular processes.
- By 2030, 100% of the Group's plastic packaging will be recycled or bio-sourced (target of 50% by 2025).

EMPOWERING OUR ECOSYSTEM IN OUR TRANSFORMATION

- By 2030, all Group products will be eco-designed.
- By 2030, 100,000 people from underprivileged communities will be helped by the Group to access employment.

Insofar as the payment of variable and exceptional elements allocated to the executive corporate officer are subject to the approval of the Annual General Meeting of shareholders, no provision has been made for an extension period or the possibility for the Company to demand the return of the annual variable remuneration.

Granting of performance shares

Since 2009, the Board of Directors has granted performance shares to employees of the Group and, since 2012, also to its executive corporate officer, within the scope of Articles L. 225-197-1 et seq., L. 22-10-59, L. 22-10-60 and L. 22-10-8 of the French Commercial Code and the authorisations granted by the Annual General Meeting.

These grants are linked to the performance and their aim is to encourage achievement of the Group's long-term objectives and the resulting value creation for the shareholders. Consequently, the final vesting of the shares is subject to performance conditions which are recorded at the end of a vesting period of four years from the grant date.

The value of these shares, estimated at the grant date according to the IFRS applied for the preparation of the consolidated financial statements, represents approximately 50% of the executive corporate officer's annual remuneration and may not exceed 60%.

The Board of Directors reserves the possibility to decide on an additional grant if a particular event justifies it. This potential grant to the executive corporate officer, duly documented by the Board of Directors, may not exceed a total annual ceiling (taking into account any grants already awarded in the year) of 5% of the total number of free shares granted during that same financial year.

The executive corporate officer is required to retain 50% of the free shares finally vested to him or her at the end of the vesting period, in registered form, until the termination of his or her duties, following a review of the performance conditions.

The executive corporate officer makes a formal undertaking not to enter into any risk hedging transactions with regard to the performance shares, until the end of the holding period set by the Board of Directors.

An executive corporate officer may not be granted performance shares at the time of his or her departure.

(1) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data".*

Performance conditions

The performance criteria cover all shares granted to the executive corporate officer.

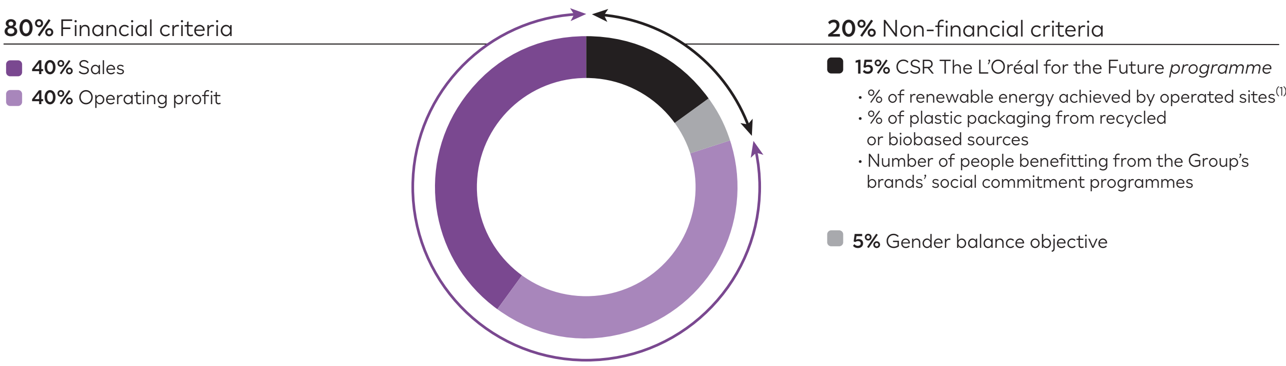
They take into account:

- in part, **criteria for financial performance** based on:
  - growth in comparable cosmetics net sales of L'Oréal as compared to a panel of L'Oréal's major direct competitors;
  - growth in L'Oréal's consolidated operating profit;
- in part, criteria for **non-financial performance** based on:
  - fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (hereinafter "L'Oréal for the Future Commitments"):
    - % of renewable energy[1] achieved by operated sites;
    - % of plastic packaging that comes from either recycled or biobased sources;
    - number of people benefitting from the Group's brands' social commitment programmes;
  - gender balance within strategic positions including the Executive Committee.

The Board of Directors considers that both these types of criteria, assessed over a long period of three full financial years and reapplied to several plans, are complementary, in line with the objectives and specificities of the Group and likely to promote continuous, balanced and sustainable long-term growth. They are exacting but remain a source of motivation for the beneficiaries.

The shares are only finally vested at the end of a 4-year period, allowing sufficient time to be able to assess the performance achieved over three full financial years.

DETAILS OF WEIGHTING OF CRITERIA FOR GRANTING PERFORMANCE SHARES



Conditional vesting thresholds

Pursuant to the criterion relating to net sales, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. Below this level, the number of finally vested shares is in decline. If L'Oréal's comparable growth in net sales is lower than the average growth in net sales of the panel of competitors, no shares will be finally vested under this criterion.

Pursuant to the criterion related to operating profit, a level of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all free shares granted to be finally vested by the beneficiaries at the end of the vesting period. Below this level, the number of finally vested shares is in decline. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion.

With regard to the criterion of fulfilling commitments made under the L'Oréal for the Future programme, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, a certain average level of achievement of the L'Oréal for the Future Commitments, defined by the Board and made public, must be reached over the vesting period. Below this level, the grant decreases. No shares will vest if the average of the results for the L'Oréal for the Future Commitments falls below the minimum level defined by the Board and made public.

Pursuant to the criterion relating to gender balance in strategic positions, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, the average representation of one of the sexes must account for at least 40% of employees in strategic positions. Below this level, the grant decreases. No shares will vest in relation to this criterion if the average representation of one of the sexes is less than 35% over the vesting period.

The results recorded each year to determine the levels of performance achieved are published in **chapter 7**.

(1) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data" in this document.*

Consequences on performance shares in the event of departure

The right to performance shares is lost in the event of departure from the Group due to resignation (other than in the case of termination of corporate office in connection with the liquidation of statutory and compulsory supplementary pension schemes) or termination for gross misconduct or gross negligence. In the event of dismissal of an executive corporate officer, the Board will decide, pursuant to the AFEP-MEDEF Code, on the outcome of performance shares granted as from the appointment as executive corporate officer.

When the benefit of performance share grants to the executive corporate officer is maintained in the event of his or her departure prior to expiry of the vesting period, it is motivated by the following considerations:

- the performance shares represent a predominant component of the executive corporate officer's annual remuneration assessed during the year of the grant;
- they are the consideration for the execution of his or her corporate office subject to the achievement of long-term performance;
- the maintenance thereof encourages the executive corporate officer to take a long-term view; and
- the final vesting of the shares remains subject to achievement of the performance conditions.

Achievement of the performance conditions of the last three performance share plans

Performance share plan dated:	17/04/2018	18/04/2019	14/10/2020
Arithmetic average of performances across the 3 financial years concerned	**2019 – 2020 – 2021**	**2020 – 2021 – 2022**	**2021 – 2022 – 2023**
• For 50%: Growth in comparable sales as compared to a panel of competitors*	+4.6 points	+6.1 points	+6.7 points
• For 50%: Growth in the Group's operating profit	+8.3%	+11.1%	+16.2%
Level of achievement of the performance conditions	**100%**	**100%**	**100%**

* *Panel of competitors: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue (formerly Johnson & Johnson), Henkel, LVMH, Kao and Coty.*

Other benefits

a) Remuneration for term of office as Director

The executive corporate officer does not benefit from the payment of a remuneration for his/her position as Director.

b) Benefits in addition to remuneration

- **Benefits in kind**

There are no plans to supplement the executive corporate officer's fixed compensation by granting benefits in kind.

The executive corporate officer benefits from the necessary material resources for performance of his or her office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, are not benefits in kind.

- **Additional social protection schemes**

The executive corporate officer continues to be treated in the same way as a senior manager during the term of his corporate office which allows him to continue to benefit from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees.

Illustration of the compensation policy in financial year 2024: Components of remuneration attributable to Mr Nicolas Hieronimus, Chief Executive Officer

The structure of Mr Nicolas Hieronimus' remuneration is in line with the principles developed in subparagraph 2.4.1.2.1. of the remuneration policy applicable to the executive corporate officer, and forms a balanced whole with a breakdown that is approximately:

- 50/50 between fixed remuneration and target annual variable remuneration;
- 50/50 between annual remuneration and long-term remuneration (performance shares);
- 50/50 between cash remuneration and share-based remuneration; and
- 75/25 between remuneration subject to performance conditions and remuneration not subject to performance conditions.

Mr Nicolas Hieronimus' annual variable remuneration may exceed 100% of his fixed compensation and up to a maximum of 120% in order to be able to remunerate outperformance. This outperformance will be assessed on a criterion-by-criterion basis.

The Board of Directors will be called upon to decide on a granting of performance shares in 2024 in accordance with the remuneration policy submitted for the approval of the Annual General Meeting of 23 April 2024.

	Amount	Description	
Fixed remuneration	€2,000,000	At its meeting of 8 February 2024, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors is proposing to the Annual General Meeting of 23 April 2024 to maintain the fixed remuneration of Mr Nicolas Hieronimus at the gross amount of €2,000,000 on an annual basis.	
2023–2024 changes	0%	This amount has not changed since 2021.	
Annual variable remuneration	€2,000,000 (target 100% of the fixed amount)	The annual variable remuneration is designed to align the executive corporate officer's remuneration with the Group's annual performance and to promote the implementation of its strategy year after year. The Board of Directors strives to encourage the executive corporate officer both to maximise performance for each financial year and to ensure that it is repeated and regular year-on-year.	
	Maximum 120% of the fixed amount, or €2,400,000	The annual variable remuneration may reach 120% of the fixed compensation if there is outperformance on the objectives; the target is set at 100% of the fixed compensation.	
		Criteria for assessment of performance for 2024	**Weightings**
		• **Financial criteria**	**60%**
		• *Evolution in like-for-like sales as compared to the budget*	*15%*
		• *Evolution in market share as compared to the main competitors*	*15%*
		• *Evolution in operating profit as compared to the budget*	*10%*
		• *Evolution in net earnings per share as compared to the budget*	*10%*
		• *Evolution in cash flow as compared to the budget*	*10%*
		• **Non-financial and qualitative criteria**	**40%**
		• *Quantifiable criteria: 25%*	
		- L'Oréal for the Future: sustainability commitments for 2030	10%
		- Human Resources: gender balance, development of talented employees, access to learning	7.5%
		- Digital development	7.5%
		• *Individual qualitative performance: 15%*	
		- Management	7.5%
		- Image, company reputation, dialogue with stakeholders	7.5%
		The quantifiable, financial (60%) and non-financial (25%) criteria account for 85% of annual variable remuneration. The weighting of each of these criteria, both financial, non-financial and qualitative, and the targets to be met were set at the start of the year and communicated to the executive corporate officer. The assessment is made without offsetting among criteria.	
Performance shares		Concerning the granting of performance shares in 2024, the Board of Directors will be called upon to decide on the implementation of a new Plan within the scope of the authorisation submitted for approval by the Annual General Meeting of 23 April 2024. The grant that would be decided for Mr Nicolas Hieronimus would comply with the recommendations of the AFEP-MEDEF Code. The value of the grant (estimated according to the IFRS standards), represents approximately 50% of the executive corporate officer's total remuneration without exceeding 60%. Mr Nicolas Hieronimus is also required to hold 50% of the free shares that are fully vested to him at the end of the vesting period in registered form until the termination of his term of corporate office. Final vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a 4-year vesting period as from the grant date. The number of vested shares will depend: • on growth in comparable cosmetics sales versus those of a panel of competitors, which consists of Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue (formerly known as "Johnson & Johnson"), Henkel, LVMH, Kao and Coty (40%); • on growth in the Group's consolidated operating profit (40%); • on the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (% of sites achieving 100% renewable energy[1]; % of plastic packaging that comes from either recycled or biobased sources; number of people benefitting from the Group's brands' social commitment programmes) (15%); and • on gender balance within strategic positions including the Executive Committee (5%). The calculation will be based on the arithmetical average for the three full financial years of the vesting period. The first full year taken into account for assessment of the performance conditions relating to this grant would be 2025.	
Remuneration as Director	€0	Mr Nicolas Hieronimus will not receive remuneration for his position as Director.	

(1) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environemental data".*

	Amount	Description
Benefits in addition to remuneration		• **Benefits in kind** Mr Nicolas Hieronimus will benefit from the material resources needed for the performance of his office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind. • **Additional social protection schemes: defined contribution pension, employee benefit and healthcare schemes** Mr Nicolas Hieronimus will continue to be treated in the same way as a senior manager during the term of his corporate office, which will allow him to continue to benefit from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees. The amount of the pension resulting from the employer's contributions for the defined contribution pension scheme will be deducted from the pension due in respect of the defined benefit pension in accordance with the provisions of this collective scheme.

2.4.1.2.2. Remuneration policy applicable to the Chairman of the Board who does not assume the office of Chief Executive Officer

Fixed annual remuneration only

The Board of Directors, in accordance with the recommendation of the AFEP-MEDEF Code (Article 26.2), is proposing to the Annual General Meeting of 23 April 2024 that the exercise of the office of Chairman of the Board of Directors without assuming the office of Chief Executive Officer, would be remunerated only by fixed remuneration, excluding any variable remuneration, grant of performance shares and any indemnity related to departure or any consideration for a non-compete agreement.

The Board of Directors also decided that the tenure as Director held by the Chairman of the Board would not be remunerated.

The Chairman of the Board will benefit from the necessary material resources for the performance of his office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, are not benefits in kind.

The Chairman of the Board will benefit from the same employee benefit scheme as the senior managers of the Company.

Principles for determining the fixed annual remuneration

The remuneration of the Chairman of the Board of Directors is determined based on the following components:

- goals of L'Oréal's Board of Directors for the performance of the Chairman of the Board of Directors' legal duties not assuming the office of Chief Executive Officer;
- experience, expertise and reputation of the Chairman in Corporate Governance and Sustainable Governance;
- specific duties assigned to the Chairman by the Board of Directors;
- competitiveness and level of the remuneration compared to that of a relevant reference panel put together by the firm Mercer.

Application to Mr Jean-Paul Agon

Three years after the offices of Chairman and Chief Executive Officer were separated, the Board noted that Mr Jean-Paul Agon had successfully led the handover of senior management responsibilities, which included providing Mr Nicolas Hieronimus with his complete support in his interactions with the Board of Directors, in keeping with the extensive duties entrusted to the Chairman of the Board of Directors.

The Human Resources and Remuneration Committee recommended that the Board consider the end of this transition period by adjusting Mr Jean-Paul Agon's remuneration.

The Board of Directors has taken into account Mr Jean-Paul Agon's full commitment to serving the governance of the Company and performing the specific duties set out in paragraph 2.1.2.3. The Board is fully aware of the challenges of sustainable Governance, notably in light of European legislative initiatives and the growing expectations of authorities and stakeholders.

It remains essential for the Board to count on a committed, experienced Chairman with in-depth knowledge of the business, its environment and its strategic challenges, and who is recognised for his involvement in governance issues and stakeholder relations.

The Board is satisfied that the fixed remuneration is competitive by comparison with an international reference panel that was defined with the assistance of an external independent consultancy firm, Mercer, by pegging it higher than the median remuneration paid to the Chairs of the Boards of Directors of 16 international benchmark companies.

Consequently, the Board of Directors proposes that the Annual General Meeting of 23 April 2024 should change the fixed annual compensation of Mr Jean-Paul Agon, Chairman of the Board of Directors, to €950,000 from 1 May 2024, instead of his previous compensation of €1,600,000.

Illustration of the compensation policy in 2024: breakdown of the components of remuneration attributable to Mr Jean-Paul Agon, Chairman of the Board of Directors

	Amount	Description
Fixed remuneration	€950,000	At its meeting of 8 February 2024, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors is proposing to the Annual General Meeting of 23 April 2024 that Mr Jean-Paul Agon's annual fixed compensation be set at €950,000 gross.
Benefits in addition to remuneration		• **Benefits in kind** Mr Jean-Paul Agon will benefit from the material resources needed for the performance of his office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind. • **Additional social protection schemes** The Chairman of the Board will benefit from the same employee benefit scheme as the senior managers of the Company.

2.4.1.2.3. Decision-making, review and implementation process for the remuneration of corporate officers

Remuneration is established in such a way as to guarantee the due and proper application of the policy and rules set by the Board of Directors. The Board relies on the work and recommendations of the Human Resources and Remuneration Committee, composed of six Directors, 60% of whom are independent Directors, including its Chairwoman, and one member of whom is a Director representing the employees[1]. The corporate officer is not a member of the Committee. The Committee's recommendations are made taking into account the studies carried out at its request by an independent consulting firm.

The Committee met four times in 2023 and its work is detailed in subsection 2.3.3. Activities of the Board Committees

The Committee has the necessary information to prepare its recommendations and more particularly to assess the performance of the corporate officer in light of the Group's short and long-term objectives.

The purpose of this organisation and this process is to prevent any conflicts of interest.

The Human Resources and Remuneration Committee uses the studies conducted by an independent consulting firm

These studies are based on an international panel of world leaders, which serves as a reference for the comparative remuneration studies.

Executive corporate officer

This panel is made up of French and international companies that hold the position of global leader. These companies operate on similar markets and are, in the cosmetics sector, direct competitors of L'Oréal, or operate on the wider everyday consumer goods market, as regards all or part of their business activities.

The panel applicable for 2023 comprised Directors of the following 13 companies:

PANEL SELECTED FOR ANALYSIS OF THE POSITIONING OF THE REMUNERATION FOR THE CHIEF EXECUTIVE OFFICER

Beiersdorf	Colgate Palmolive	Danone	Estée Lauder
GSK	Henkel	Kenvue	Kimberly Clark
Kering	LVMH	Procter & Gamble	Reckitt Benckiser
Unilever			

It is used to assess the competitiveness of the executive corporate officer's total remuneration. This panel reports an average remuneration of €10,242,500 and a median remuneration of €7,986,500. In terms of market capitalisation, L'Oréal is above the third quartile of companies on this panel.

It should be noted that the Company's remuneration policy, specifically that in place for senior management executives, aims to position their remuneration between the median and the third quartile. The studies conducted with the independent consulting firm also enable the Committee to measure:

- the competitiveness of the overall remuneration in comparison to this benchmark panel;
- the relevance over time of the overall remuneration structure and the objectives assigned to him/her;
- the comparative results of L'Oréal in light of the criteria adopted by the Group to assess the executive corporate officer's performance; and
- the link between the executive corporate officer's remuneration and his or her performance.

Non-executive corporate officer

To determine the positioning of the Chairman's remuneration, a panel was defined with the help of an independent consultancy firm. It is composed of 16 international companies, selected on the basis of governance, industry, size and nationality.

(1) Mr Thierry Hamel joined this Committee in April 2023, one year after joining the Board of Directors, in accordance with the Board's usual practice.

They are the following dual governance companies:

PANEL SELECTED FOR ANALYSIS OF THE POSITIONING OF THE REMUNERATION FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

AstraZeneca	AB In Bev	BASF	Bayer	Coty	Diageo
Estée Lauder	GSK	Henkel	Linde	Nestlé	
Novartis	Reckitt Benckiser	Roche	Starbucks	Unilever	

The analysis of the remunerations of Chairs of Boards of Directors of companies in the reference panel used, which includes six companies with a dissociated governance structure already used in the reference panel for the remuneration of the executive corporate officer, reports an average remuneration of €1,670,000 and a median remuneration of €756,900 with large standard deviations.

The Human Resources and Remuneration Committee has all the useful internal information in its possession

This information enables it to assess the performance of the Company and that of its executive corporate officer both from a financial standpoint and in non-financial areas.

The Group's annual economic and financial results are presented every year completely and exhaustively to the members of the Human Resources and Remuneration Committee at its Committee meeting in February, and are used as a basis for the assessment of the financial performance criteria for the executive corporate officer's variable remuneration.

The principles of the Human Resources policy are regularly presented to the Committee members or at a Board of Directors meeting by the Chief Human Relations Officer. The Directors are therefore able to verify the consistency between the remuneration of the executive corporate officer and the remuneration and employment conditions of the Company's employees.

Similarly, the Chief Ethics, Risk and Compliance Officer also regularly explains the policy and the actions taken in this field.

2 members of the Human Resources and Remuneration Committee are members of the Strategy and Sustainability Committee at which the actions taken with regard to the programmes concerning the Group's social and environmental responsibility are discussed

This information contributes to the assessment of the non-financial and qualitative portion of the annual variable remuneration.

The Committee can also carry out a more in-depth evaluation of the Company's performance by contacting the Company's main senior managers, after having informed the General Management.

This information enriches their vision of the strategy and performances of the Company and its executive corporate officer.

Recommendations are made on these bases to the Board of Directors, which then makes its decisions on the executive corporate officer's remuneration collectively, in accordance with the remuneration policy approved by the Annual General Meeting.

The organisation of the work of the Committee on the remuneration of the executive corporate officer is shown in the chart below.

The Committee examines the expectations of investors and proxy advisors, and the rules and recommendations of the regulatory authorities

The Human Resources and Remuneration Committee carefully analyses the law and reports concerning executive remuneration, notably the French financial markets authority's (AMF) report on corporate governance and the remuneration of executives of listed companies, and the report of the High Committee on Corporate Governance.

It is mindful of the observations and requests of investors and strives to accommodate them while preserving consistency in the remuneration policy adopted by the Board and subject to constraints relating to the confidentiality of certain information.

Adjustment of the remuneration policy in the event of exceptional circumstances

In accordance with Article L. 22-10-8 of the French Commercial Code, the Board of Directors can, in the event of exceptional circumstances, make an exception from the application of the remuneration policy, provided that the exemption applied is temporary and compliant with the company's interest and necessary to ensure the company's continuity or viability. In such case, the Board of Directors would be able to grant an element of remuneration not provided for in the remuneration policy previously approved by the Annual General Meeting, but necessary in view of these exceptional circumstances.

The Board of Directors may also, within the framework of its discretionary power, adapt the remuneration policy if unforeseeable or exceptional circumstances so justify. Thus, for example, the recruitment of a new corporate officer under unforeseen conditions might require the temporary adaptation of some existing remuneration elements or the proposal of new remuneration elements. In this case, the Board of Directors would take into account the experience, expertise and remuneration of the executive concerned in order to propose exceptional remuneration that could not exceed the amount of the benefits he or she would have had to relinquish by leaving his or her previous role.

It might also be necessary to amend, subject to compliance with the caps determined in the remuneration policy, the performance conditions governing the acquisition of all or some of the existing remuneration elements in the event of exceptional circumstances resulting from a significant change in the Group's scope following a merger or sale, the acquisition or creation of a significant new business activity or the elimination of a significant business activity, a change in accounting policy or a major event affecting the markets and/or L'Oréal's major competitors.

The Board of Directors will make its decisions on the recommendation of the Human Resources and Remuneration Committee and, when necessary, after obtaining the opinion of an independent consulting firm.

It is specified that this derogation can only be temporary pending approval of the amended remuneration policy by the forthcoming Annual General Meeting, and would be duly documented.

2023 WORK SCHEDULE OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE CONCERNING THE REMUNERATION OF THE CORPORATE OFFICERS

February 2023	• **Recommendations on the remuneration of corporate officers for 2022:** • assessment of the Chief Executive Officer's variable annual remuneration for 2022 following a review of financial and non-financial results, • draft Say on Pay ex post resolutions. • **Long-term incentive plan:** • recognition of the performance levels achieved for the expiring 2019 Plan for the Conditional Grants of Shares (ACAs). • **Presentation of the 2023 study on the remuneration of corporate officers:** • panel, balance and structure of remuneration, link between performance and remuneration. • **Recommendations concerning the 2023 remuneration policies:** • applicable to corporate officers (Chief Executive Officer and Chairman of the Board), • review of draft resolutions.
April 2023	• **Report on investor meetings on the remuneration policies for corporate officers**
October 2023	• **2023 ACAs Plan:** • proposed award for the Chief Executive Officer, with application of non-financial performance conditions (20% weighting).
December 2023	• **2024 remuneration policy:** • review of issues raised following initial discussions with investors and proxy advisors, • review of the proposed amendment to the remuneration policy applicable to the Chairman of the Board.

2.4.2. Remuneration of Directors and corporate officers for 2023

The information in this paragraph relating to the remuneration of L'Oréal's directors and corporate officers (the Directors, the Chairman of the Board of Directors and the Chief Executive Officer), as required by Articles L. 22-10-9 I and L. 22-10-34 I and II of the French Commercial Code, is subject to the approval of the Annual General Meeting of 23 April 2024 and voting on resolution nos. 11, 12 and 13.

2.4.2.1. Remuneration paid during the 2023 financial year or allocated for that financial year to Directors

A total amount of €1,379,525, within the limits of the €1,700,000 budget approved by the Annual General Meeting of 21 April 2023, will be paid to the Directors for financial year 2023.

The Board of Directors met eight times in 2023 (including two non-remunerated meetings) and 18 meetings of its committees were organised.

The average attendance rates at meetings in 2023 were 96.1% for the Board of Directors, 96.7% for the Strategy and Sustainable Committee, 100% for the Audit Committee, 93.7% for the Nominations and Governance Committee and 91.7% for the Human Resources and Remuneration Committee.

It should be noted that neither Mr Jean-Paul Agon nor Mr Nicolas Hieronimus receive any remuneration as Directors, neither Mr Jean-Paul Agon nor Mr Nicolas Hieronimus receive any remuneration as Directors of the Group's companies.

Directors	**Remuneration awarded for 2023 paid in 2024** *(in euros)* **8 Board meetings (of which 6 paid) 18 Committee meetings**	**Remuneration awarded for 2022 paid in 2023** *(in euros)* **7 Board meetings (of which 6 paid), 19 Committee meetings**
Mr Jean-Paul Agon	0	0
Mr Nicolas Hieronimus	0	0
Ms Sophie Bellon	116,000	120,000
Ms Françoise Bettencourt Meyers	98,600	107,000
Mr Paul Bulcke	112,100	107,000
Mr Patrice Caine	106,350	95,500
Ms Fabienne Dulac	111,750	96,000
Ms Belén Garijo	81,025	70,550
Ms Béatrice Guillaume-Grabisch	98,000	94,000
Mr Thierry Hamel[1]	77,000	57,500
Ms Ilham Kadri	91,500	86,000
Mr Jean-Victor Meyers	84,600	84,000
Mr Nicolas Meyers	98,000	94,000
Ms Virginie Morgon	127,000	119,000
Mr Alexandre Ricard	84,600	79,000
Mr Benny de Vlieger[1]	93,000	57,500
TOTAL	**1,379,525**	**1,267,050**

(1) Director who joined a Board Committee in financial year 2023.

2.4.2.2. Remuneration paid during financial year 2023 or allocated for that financial year to Mr Nicolas Hieronimus, Chief Executive Officer

2.4.2.2.1. Fixed remuneration

At its meeting of 9 February 2023, and on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided to maintain Mr Nicolas Hieronimus's annual fixed compensation at the gross amount of €2,000,000.

2.4.2.2.2. Annual variable remuneration

With regard to Mr Nicolas Hieronimus's annual variable remuneration for 2023, the target was set at €2,000,000 gross on an annual basis, or 100% of his fixed compensation, with a maximum of 120% of fixed compensation in the event of outperformance, or €2,400,000 gross. This sum represents the maximum amount of variable remuneration that may be paid to him.

At its meeting on 9 February 2023, the Board of Directors had set the variable remuneration criteria applicable for 2023 and the respective weighting of such criteria. Financial criteria represent 60% of the variable remuneration while non-financial criteria represent 40%. The financial criteria are directly correlated with the Company's economic performance indicators: growth in sales and market share as compared to its main competitors, in operating profit, earnings per share (EPS) and cash flow.

On 8 February 2024, the Board of Directors, on the basis of the recommendations of the Human Resources and Remuneration Committee, assessed the performance of Mr Nicolas Hieronimus. The rate of achievement was 112.5% of objectives, i.e. a rate of achievement of 112.1% for financial criteria and 113.1% for non-financial and qualitative criteria.

It was thus decided that, in respect of annual variable remuneration for 2023, Mr Nicolas Hieronimus would be awarded an amount of €2,250,000.

FINANCIAL TARGETS 2023 (60% OF TOTAL ANNUAL VARIABLE REMUNERATION)

Financial criteria	Weighting	2023 Results	Payment rate Target 100% of the fixed amount Maximum 120%	Board appraisal
Like-for-like sales compared to budget[(1)]	15%	€41,182.5 million	**115%**	Performance above budget
Sales growth differential compared to main competitors[(2)]	15%	+5.8 points	**120%**	Maximum objective reached
Operating profit as compared to the budget[(1)]	10%	€8,143.3 million	**110%**	Performance above budget
Earnings per share[(3)] as compared to the budget[(1)]	10%	€12.08	**110%**	Performance above budget
Cash flow[(4)] as compared to the budget[(1)]	10%	€6,116 million	**100%**	Performance in line with objective.
RATE OF ACHIEVEMENT OF 2023 FINANCIAL TARGETS			**112.1%**	

(1) Budget not provided for reasons of confidentiality.
(2) Panel of competitors: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue (formerly Johnson & Johnson), Henkel, LVMH, Kao and Coty.
(3) Diluted share attributable to owners of the company per share excluding non-recurring items.
(4) Cumulative operating cash flow = Cash flow generated by operating activities – purchases of tangible and intangible assets.

2023 NON-FINANCIAL AND QUALITATIVE TARGETS (40% OF THE TOTAL ANNUAL VARIABLE REMUNERATION)

Non-financial and qualitative criteria	Weighting	2023 performance indicators	Payment rate Target 100% of the fixed amount Maximum 120%	Board appraisal
CSR criteria: L'Oréal for the Future programme	10%	See indicators page 115	**100%**	Performance in line with the programme's trajectory.
Human Resources criteria	7.5%	See indicators page 115	**110%**	Outperformance.
Digital development criteria	7.5%	See indicators page 116	**120%**	Outperformance. Maximum reached.
Qualitative criteria: Management	7.5%	See evaluation page 117	**120%**	Outperformance. Maximum reached.
Qualitative criteria: Image, Company reputation, Relations with stakeholders	7.5%	See evaluation page 117	**120%**	Outperformance. Maximum reached.
RATE OF ACHIEVEMENT OF 2023 NON-FINANCIAL AND QUALITATIVE TARGETS			**113.1%**	

TABLE OF NON-FINANCIAL AND QUALITATIVE ACHIEVEMENTS IN 2023

The Board of Directors, at its meeting of 8 February 2024, used the following indicators and achievements examined by the Human Resources and Remuneration Committee to determine the level of achievement of the non-financial and qualitative targets for 2023.

CSR criteria: The L'Oréal for the Future programme	Weighting: 10%	
The L'Oréal for the Future programme sets out L'Oréal's commitments to sustainability for 2030, for which the 2023 achievements are set out in detail in chapter 4 of this document and summarised in the table in subsection 1.4.2.		
TRANSFORMING OUR BUSINESS	**2023 Results**	*2022 Results*
Climate		
• **By 2025,** 100% of sites will achieve 100% renewable energy (formerly known as "carbon neutral"[(1)])	**77%** (127 sites)	*65%* *(110 sites)*
• By 2030, on average we will have halved the greenhouse gas emissions per finished product **linked to the transport** of our products compared to 2016.	**-9.7%**	*+6.7%*
Water		
• By 2030, 100% of **the water used in our industrial processes** will be recycled and reused.	**14%**	*13%*
Biodiversity		
• By 2030, 100% of ingredients in our formulas and biobased packaging materials will be **traceable and come from sustainable sources**.	**93%** [(2)]	*92%*[(2)]
Resources		
• By 2030, 95% **of our ingredients in formulas** will be biobased, derived from abundant minerals or from circular processes	**65%**	*61%*
• By 2030, 100% of the plastic used in our packaging will be either **from recycled or bio-based sources** (achieving 50% by 2025).	**32%**	*26%*
EMPOWERING OUR ECOSYSTEM IN OUR TRANSFORMATION		
• By 2030, all **Group products will be eco-designed**.	**96%**	*97%*
• By 2030, we will have helped **100,000 people** from disadvantaged communities **gain access to employment**.	**37,284**	*17,827*

Human Resources criteria	Weighting: 7.5%	
Gender Balance	**2023 Results**	*2022 Results*
• Improving gender balance, in particular at the level of senior management positions.	• 32% of Executive Committee members are women. • 48% of strategic positions are held by women (strategic positions include Executive Committee positions, i.e. approximately 300 positions).	*32%* *48%*
	• 2023 Equileap ranking: France: 1st place International: 11th place • For the sixth consecutive year, L'Oréal is ranked in the 2023 Bloomberg Gender-Equality Index which comprises 484 companies in 54 different industries.	*No. 1 in France* *No. 14* *idem*
Talent Development		
• Results of the policy regarding the recruitment of both experienced and more junior talented employees, and talent development all over the world, in order to favour the emergence of local talent.	• Eighth place in the Universum global ranking (business schools). L'Oréal was ranked in the top 10 for the fourth consecutive year and placed second in the European companies ranking.	*5th place* *No. 1 in Europe*
• Attractive, targeted, digital employer communication.	• Strong presence on social networks: 4.77 million followers on LinkedIn.	*4.36 million*
Access to learning		
• 100% of employees will participate in learning every year.	• 100% of employees participated in learning in 2023. Balance between face-to-face and e-learning: 44% of the total hours completed via e-learning (e-learning modules, videos, virtual classes and webinars). Face-to-face format preferred for leadership and culture topics that require high added-value human interaction.	*100%*

(1) A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect Market Based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.

(2) Scope: bio-based ingredients in formulas, excluding packaging.

Digital development criteria	Weighting 7.5%
Increase in sales achieved in e-commerce	• **€11.25** bn in net sales from e-commerce, i.e. 27.3% of Group net sales, up 9.5% in 2023.
Partnerships and innovation	• 17 brand activations **in gaming** to draw in Generation Z and boost the value of our brands. • **Digital investments made within BOLD**: VGLE (Metaverse), Rembrand (AI advertising), HUG (creator economy) to increase L'Oréal's digital innovation. • Creation of a **GenAI Content Laboratory** that makes it possible to evaluate the potential of augmented creativity using GenAI over a controlled testing period.
New consumer interaction models	• L'Oréal is no. 1 in influencer market share (+5.5 points compared to 2022 to the end of November 2023), boosted by strong leadership and increased TikTok presence, as well as growth in the Skincare and Haircare categories. • Roll-out of wave 1 of the proprietary A&P ROI optimisation tool (BETIQ).
Beauty Tech Services	• L'Oréal Digital Services now offers dedicated services covering all beauty categories. • **Launch of L'Oréal Paris Beauty Genius**, the first service powered by generative artificial intelligence that combines product selection, services and consumer assistance in a single service. • 80 partnerships with retailers and pure players.
Continuation of the Company's digital transformation	• More than 6,000 digital experts in all functions. • Recruitment and learning: more than 78,000 people have had digital and e-commerce training, with more than 24,000 of them having had e-commerce training only. • Training our employees in generative artificial intelligence thanks to the launch of the secure GenAI platform, L'ORÉAL GPTI.
Gartner L2 Digital ranking / Industry recognition	• L'Oréal is ranked no. 1 in media share of voice and no. 1 in influencer share. • **Gartner 2023 ranking**: L'Oréal ranked no. 1 in the Personal Care category in this United States. Five L'Oréal brands in the top 10 positions: #1 Maybelline/#2 L'Oréal Paris/ # 3CeraVe/#6 Garnier/#8 Nyx Professional Makeup. • The partnership between Maybelline and Microsoft won **the CES 2024 Innovation Award** in the Web3 and Metaverse Technologies category for the virtual make-up "Ready in a Click".
L'Oréal for the Future and digital sustainability	• Positioning L'Oréal as a leader in reducing the environmental impact of media and content. • Partnership with the French start-up Impact+ (operating in more than 20 countries), making it possible to measure and reduce the CO_2 impact of the Group's advertising campaigns.

Qualitative criteria: Management	Weighting: 7.5%

- Continuation of the renewal of the Executive Committee. High retention rate for the Top 300.
- Management of geopolitical crises (Israel/Gaza and Ukraine/Russia).
- Transformation of the Group: Beauty tech & cultural transformation.
  - Global launch of "Simplicity 2": a programme that addresses concerns about improved management of workloads. Simplicity 2 provides concrete solutions so that employees at all levels of the organisation can devote time to what matters most to increase efficiency.
- Pulse survey (internal employee opinion survey): 92% participation rate. Employee engagement rate 78% (same as 2022).

Qualitative criteria: Image, Company reputation, Dialogue with stakeholders	Weighting: 7.5%

- **Highlighting the L'Oréal Group's French roots**
  - Inauguration of Le Visionnaire – Espace François Dalle, L'Oréal's historical headquarters located at 14 rue Royale in Paris.
  - The Group's participation in European Heritage Days: opening up many L'Oréal sites in France to the public, including the headquarters in Clichy.
  - The Group's *"La Beauté de l'Industrie"* media campaign, highlighting, among other things, the 94,000 jobs L'Oréal has generated in France.[1]
  - Media interviews given by Nicolas Hieronimus during Industry Week.
- **Sustainability**
  - L'Oréal is the only company in the world, among nearly 6,000, to have received 3 "A" ratings – the highest score possible – from the Carbon Disclosure Project for the eighth consecutive year in three areas: climate, sustainable water management and the fight against deforestation.
  - Creation of a new endowment fund, the L'Oréal Climate Emergency Fund.
  - L'Oréal recognised by Standard & Poor's Global for its sustainability performance, with an ESG rating of 85 points out of 100.
  - The non-financial rating agency Sustainalytics awarded L'Oréal "Industry Top Rated 2023" status (with a score of 20.1).
- **Diversity and inclusion**
  - Inauguration, in the presence of Nicolas Hieronimus, of the 3rd "Emmaüs Beauty and Well-being Space" at Le Pré-Saint-Gervais in Paris.
  - Nicolas Hieronimus's participation in the LinkedIn #AMaPlace campaign launched by the SISTA and UN Women collective to protect the role of women in Tech.
  - The Group's "My Strength, My Beauty" media campaign, promoting the disabled athletes L'Oréal supports.
- **Innovation and Beauty Tech**
  - Nicolas Hieronimus's presentation at VivaTech.
  - L'Oréal awarded 6 "Innovation Awards 2023" by CES®.
  - HAPTA hailed by TIME magazine as one of the "best inventions of 2023".
  - L'Oréal and Verily launch the world's the largest and most diverse study of skin and hair health.
  - L'Oréal joined the Fast Company's annual ranking of the "100 best workplaces for innovators".
- **Ethics**
  - L'Oréal was recognised for the 14th time as one of the "World's Most Ethical Companies" by the Ethisphere Institute.
  - 15th Ethics Day (17 October 2023): live webchats with Nicolas Hieronimus were open to all employees worldwide.
- **Commitment to young people**
  - Continuation of the L'Oréal for Youth programme.
  - Celebration of the 30th anniversary of apprenticeships at L'Oréal.
  - Organisation of the "Innovator Z Summit" at Shanghai Jiao Tong University and presentation by Nicolas Hieronimus.
- **Reputation and image of the Group and its teams with stakeholders**
  - Nicolas Hieronimus recognised in the Fragrance Foundation Hall of Fame.
  - Barbara Lavernos included in the WWD/FN/Beauty Inc. 50 Women in Power rankings.
  - Asmita Dubey's presentation at VivaTech.
  - Alexandra Palt's presentation at Climate Week NYC and at the 25th anniversary of the L'Oréal-Unesco For Women in Science Awards

2.4.2.2.3. Granting of performance shares

Pursuant in particular to Articles L. 225-197-1 and L. 22-10-8 of the French Commercial Code and the authorisation of the Ordinary and Extraordinary General Meeting of 21 April 2022, the Board of Directors meeting on 13 October 2023, taking into account the performance of Mr Nicolas Hieronimus and the share price valuation, decided to grant him 17,000 performance shares (ACAs – *"Attributions Conditionnelles d'Actions"*, existing conditional grants of shares), in accordance with the remuneration policy.

The estimated fair value, according to the IFRS standards applied in preparing the Consolidated Financial Statements, of one performance share (ACAs) for the 13 October 2023 plan, of which Mr Nicolas Hieronimus is part, is €371.96.

The estimated fair value, according to the IFRS standards, of the 17,000 performance shares (ACAs) granted in 2023 to Mr Nicolas Hieronimus is therefore €6,323,320.

These shares will only vest, in whole or in part, once the performance conditions described below are met.

(1) *This figure breaks down into 15,000 direct jobs (jobs generated directly by L'Oréal) and 79,000 jobs generated by L'Oréal's knock-on effects (indirect, induced and chain jobs). Data collected by L'Oréal and used by the Asterès impact model (MIA 2023).*

Performance conditions

Final vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a four-year vesting period as from the grant date.

The number of fully vested shares will depend on growth in comparable cosmetics sales compared to the growth of a panel of competitors, which consists in 2023 of Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue (formerly known as "Johnson & Johnson"), Henkel, LVMH, Kao, and Coty (40%); on the growth in the Group's consolidated operating profit (40%); on the achievement of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (15%) and on a gender balance target in strategic positions including the Executive Committee (5%).

The calculation will be based on the arithmetical average for the three full financial years of the vesting period. The first full year taken into account for assessment of the performance conditions relating to this grant is 2023.

As regards all the free shares granted pursuant to the criterion relating to net sales, in order for these to finally vest at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. Below this level, the grant decreases. If L'Oréal's comparable growth in net sales is lower than the average growth in net sales of the panel of competitors, no shares will be finally vested under this criterion.

Pursuant to the criterion relating to operating profit, in order for all the free shares granted to finally vest at the end of the vesting period, a level of growth defined by the Board but not made public for confidentiality reasons, must be achieved or exceeded. Below this level, the grant decreases. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion.

With regard to the criterion of fulfilling commitments made under the L'Oréal for the Future programme, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, an average of 70% of the L'Oréal for the Future Commitments must be achieved during the vesting period. Below this level, the grant decreases. No shares will vest if the average level of achievement for the L'Oréal for the Future Commitments falls below 55%.

With regard to the criterion of gender balance in strategic positions, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, the average proportion of employees of each gender in strategic positions must be at least 40%. Below this level, the grant decreases. No shares will vest in relation to this criterion if the average representation of one of the sexes is less than 35% over the vesting period.

The figures recorded year on year to determine the levels of performance achieved are published in chapter 7.

Main features of the grant

This Plan enabled 650,580 performance shares (ACAs), i.e. 0,1% of the share capital, to be granted to 2,763 beneficiaries.

The conditional grant of performance shares benefiting Mr Nicolas Hieronimus in 2023 represents 2.61% of the total number of performance shares granted and 0.003% of the share capital as at 9 October 2023.

In addition, as a corporate officer, Mr Nicolas Hieronimus will retain 50% of the shares that will finally vest at the end of the vesting period in registered form until the end of his term of corporate office.

Furthermore, Mr Nicolas Hieronimus has undertaken not to use risk hedging instruments.

It is reminded that Mr Nicolas Hieronimus was not awarded any other long-term incentives in 2023.

2.4.2.2.4. Remuneration as Director

Mr Nicolas Hieronimus does not receive any remuneration as Director. He does not receive any remuneration as a Director of the Group companies.

2.4.2.2.5. Additional social protection schemes

Mr Nicolas Hieronimus continues to benefit, because of his classification as a senior manager during his term of office, from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees.

The amount of the employer's contributions to the employee benefit and healthcare schemes for 2023 amounted to €4,521.96, and the amount of the employer's contribution to the Defined Contribution Pension scheme amounted to €6,818.76.

Under the Defined Contribution Pension Scheme ("L'Oréal RCD", as described in chapter 4), the rights of which are strictly proportional to the contributions paid, and which benefits all employees of L'Oréal in France, the estimated amount of Mr Nicolas Hieronimus's annual retirement pension at 31 December 2023 would be a gross amount of €5,945.

As for all other senior managers of the Group, the pension resulting from the employer contributions of the L'Oréal RCD will be deducted from the amount of the Pension Cover for the calculation of the life annuity potentially due under this plan so that these benefits are not combined.

As a reminder, the lifetime risk related to the plans resulting from Article 83, 2° of the French General Tax Code is borne by the insurer.

2.4.2.3. Remuneration paid or allocated to Mr Jean-Paul Agon, Chairman of the Board of Directors

2.4.2.3.1. Fixed remuneration

At its meeting of 9 February 2023, and on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided to maintain Mr Jean-Paul Agon's annual fixed compensation at the gross amount of €1,600,000.

2.4.2.3.2. Additional social protection schemes

The Chairman of the Board benefits from the same employee benefit scheme as the senior managers of the Company.

The amount of employer contributions to employee benefit plans was €3,671.16.

2.4.2.4. Remuneration ratios and annual changes in L'Oréal's remuneration, ratios and performance over five years

	2018	2019	2020	2021	2022	2023
Remuneration of the CEO,Nicolas Hieronimus (€)	*Not applicable*			7,768,780[1]	10,395,600[2]	10,583,320[2]
Change/N-1				*Not disclosed*		+1.81%
L'Oréal company average ratio				77	99	84
Change/N-1				*Not disclosed*	+22 points	-15 points
L'Oréal Group in France average ratio					109	104
Change/N-1						-5 points
L'Oréal company median ratio				110	137	123
Change/N-1				*Not disclosed*	+17 points	-14 points
L'Oréal Group in France median ratio					148	142
Change/N-1						-6 points
Remuneration of the Chairman, Mr Jean-Paul Agon (€)	*Not applicable*			1,600,000[3]	1,600,000	1,600,000
Change/N-1				*Not disclosed*	0%	0%
L'Oréal company average ratio				16	15	13
Change/N-1				*Not disclosed*	-1 point	-2 points
L'Oréal Group in France average ratio					17	16
Change/N-1						-1 point
L'Oréal company median ratio				23	21	19
Change/N-1				*Not disclosed*	-2 points	-2 points
L'Oréal Group in France median ratio					23	22
Change/N-1						-1 point
L'Oréal company average remuneration (€)	95,207	100,959	104,896	100,694	104,848	126,323
Change/N-1	*+2.70%*	*+6.00%*	*+3.90%*	*-4.01%*	*+4.13%*	Not comparable[4]
Average remuneration for the L'Oréal Group in France (€)	Not disclosed	Not disclosed	Not disclosed	89,222	95,140	101,419
Change/N-1					*+6.63%*	+6.6%
L'Oréal company median remuneration (€)	66,167	68,709	72,216	70,729	75,878	85,880
Change/N-1	*+3.10%*	*+3.80%*	*+5.10%*	*-2.06%*	*+7.28%*	Not comparable[4]
Median remuneration for the L'Oréal Group in France (€)	Not disclosed	Not disclosed	Not disclosed	65,847	70,036	74,258
Change/N-1					*+6.36%*	+6.0%
Group sales (€m)	26,937	29,873.60	27,992.10	32,287.6	38,260.6	41,182.5
Change/N-1 (like-for-like)	*+7.10%*	*+8.00%*	*-4.10%*	*+16.1%*	*+10.9%*	+11.0%
Group operating profit (€m)	4,922	5,547.50	5,209.00	6,160.3	7,456.9	8,143.3
Change/N-1	*+5.30%*	*+12.70%*	*-6.10%*	*+18.3%*	*+21.0%*	+9.2%

(1) The remuneration of Mr Nicolas Hieronimus, Chief Executive Officer from 1 May 2021, comprises a fixed remuneration component expressed on an annual basis and a performance share award. For the record, no annual variable remuneration was paid to Mr Nicolas Hieronimus in 2021, as his position of Corporate Officer took effect on 1 May 2021.

(2) The annual remuneration of Mr Nicolas Hieronimus reported consists of fixed compensation, variable compensation paid in April year Y for financial year Y-1 (expressed on an annual basis for 2022), and a performance share award.

(3) The remuneration of Mr Jean-Paul Agon, Chairman of the Board from 1 May 2021, comprises a fixed remuneration component expressed on an annual basis.

(4) Given the changes to L'Oréal's organisational structure in France (the 2023 subsidiarisation of certain L'Oréal S.A. activities), a proportion of the L'Oréal S.A. workforce has been transferred to new entities, making the comparison of median and average remuneration for 2022/2023 irrelevant.

Methodology used for calculating ratios

Pursuant to Article L. 22-10-9 of the French Commercial Code, for the calculation of average and median remuneration, the scope used is that of L'Oréal S.A., which comprises 6,560 employees as at 31 December 2023[1] (i.e. 40.1% of the L'Oréal workforce in France), 5,143 of whom are managers, 1,256 are supervisors and 161 are workers and administrative staff.

This information is also provided for the France scope, grouping together L'Oréal S.A. with all its subsidiaries in France, i.e. 15,649 employees, of whom 10,239 are managers and sales representatives, 3,477 are technicians and supervisors and 1,933 are administrative staff and workers.

For reasons of comparability, and in accordance with the recommendations of the AFEP, the number of employees selected for the calculation of average and median remuneration corresponds to a full-time equivalent workforce continuously present over 24 months, excluding corporate officers. Remuneration is calculated on the basis of all amounts paid and performance shares granted during the financial year in question.

The elements composing the executives' remuneration used in the calculation are:

- the annual fixed remuneration paid in 2023 (on an annual basis);
- the annual variable remuneration paid in 2023 (on an annual basis);
- the performance shares valued on the grant date in 2023 in accordance with the IFRS applied for the preparation of the consolidated financial statements.

The elements composing employee remuneration used in the calculation are:

- annual fixed remuneration paid in 2023;
- annual variable remuneration paid in 2023;
- other elements of annual remuneration paid in 2023;
- the profit-sharing bonus of €1,500 paid in 2023;
- the performance shares granted in 2023 valued in accordance with the IFRS applied for the preparation of the consolidated financial statements;
- the gross Profit-sharing and Incentives paid in 2023.

2.4.3. Termination indemnities and supplementary pension scheme applicable to corporate officers

The termination indemnities and supplementary pension scheme for which the corporate officers of L'Oréal may be eligible, as long as they are former senior managers of the company with more than 15 years of service, are not related to the exercise of the corporate office, but could be due under the suspended employment contract.

Therefore, they are not subject to the approval of the Annual General Meeting of 23 April 2024 under resolution no. 16 "Approval of the remuneration policy for the Chief Executive Officer".

Shareholders approved the agreement suspending the executive corporate officer's employment contract at the Annual General Meeting of 20 April 2021.

2.4.3.1. Maintenance of the employment contract and separation of the benefits attached to the corporate office and the employment contract

The AFEP-MEDEF Code to which L'Oréal refers, recommends, but does not require, that companies should put an end to combining an employment contract with a corporate office.

L'Oréal's Board of Directors shares the objectives of this recommendation which aims at avoiding the possibility of concurrently obtaining benefits both from the employment contract and the corporate office and at prohibiting any interference with the possibility of removing executive corporate officers ad nutum. The Board of Directors has formally provided for the methods of application of the objectives of the recommendation, as adapted to the context in the L'Oréal Group.

The Board's intention is to use the treatment set out below for any new corporate officer appointed who has over 15 years' length of service in the Group at the time of his or her appointment.

As L'Oréal's ongoing policy is to appoint employees who have completely succeeded in the various stages of their careers in the Group as executive corporate officers, the Board does not want these executives to be deprived of the benefits to which they would have continued to be entitled had they remained employees, after spending many years of their career at L'Oréal.

The Board of Directors has considered that the objective pursued by the AFEP-MEDEF recommendation could be fully achieved by maintaining the suspension of the employment contract and clearly separating the benefits related to the corporate office from those relating to the employment contract.

Remuneration in respect of the corporate office will in no event be taken into consideration in the calculation of all benefits that may be due under the employment contract.

The reference remuneration to be taken into account for all rights attached to the employment contract, in particular, for the calculation of the pension under the defined benefit scheme is based on the amount of remuneration at the date of suspension of the employment contract. This reference remuneration is revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund *(Caisse Nationale d'Assurance Vieillesse)*. The seniority applied will cover the entire career within the Group, including the years spent as an executive corporate officer.

(1) It is reminded that, with effect from 1 July 2023, L'Oréal S.A. has subsidiarised certain activities to the companies L'Oréal France and L'Oréal LID, as approved by the Annual General Meeting of 21 April 2023 in its 19th and 20th resolutions. Following these operations, the employees dedicated to the activities transferred to L'Oréal France and L'Oréal LID are employees of the companies L'Oréal France and L'Oréal LID. See paragraph 1.3.4.

2.4.3.2. Dismissal, termination or retirement indemnities, financial consideration for the non-competition clause

In the event of termination of the suspended employment contract during the exercise of the term of corporate office, and depending on the reasons for such termination, the executive corporate officer would only be paid termination indemnities, except in the event of gross misconduct or gross negligence, or retirement indemnities in the event of voluntary retirement or retirement at the Company's request pursuant to the suspended employment contract excluding any indemnity due in respect of the corporate office.

These indemnities, which are attached solely to termination of the employment contract and in strict application of the National Collective Bargaining Agreement for the Chemical Industries *(Convention Collective Nationale des Industries Chimiques)* and the company-level agreements applicable to all L'Oréal managers, are automatically due pursuant to the public policy rules of French labour law. They are not subject to any condition other than those provided for by the National Collective Bargaining Agreement for the Chemical Industries or the above-mentioned company-level agreements.

In the event of termination of the employment contract, financial consideration for the non-compete clause would be paid under the terms of said contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries, unless the executive corporate officer were to be released from application of the clause. This clause does not apply in the event of voluntary retirement or compulsory retirement on the Company's initiative: no consideration for non-competition would be paid in such a situation.

2.4.3.3. Defined benefit pension scheme

The executive corporate officer, subject to ending his or her career in the Company, will benefit from one of the defined benefit schemes currently applicable to the Group's senior managers. This is the scheme to which he or she was subject as an employee.

As a reminder, the rights to the defined benefit pension are uncertain and conditional on the completion of the beneficiary's career in the Company. These schemes were established by L'Oréal primarily with the goal of attracting and retaining the Company's senior managers by guaranteeing them a certain level of resources in retirement.

These schemes falling under Article L. 137-11 of the French Social Security Code, are now closed to any new beneficiaries and no longer create rights as from 31 December 2019 pursuant to French Order no. 2019-697 of 3 July 2019 on professional supplementary pension schemes that transposes the European Directive of 16 April 2014.

The main features of these schemes are explained in detail in paragraph 4.3.2.5.

They concern over 500 of L'Oréal's active or retired senior managers, in France, and are financed by contributions paid to an insurance institution. These contributions are deductible from the corporate income tax and are subject to the employer's contribution as provided by Article L. 137-11, 2a) of the French Social Security Code at a rate of 24%.

In the light of the legal characteristics of defined benefit pension schemes (the rights only accrue if the beneficiary ends his career in the Company and the financing of this scheme cannot be broken down individually by employee) and on account of the characteristics specific to the L'Oréal schemes, known as "differential" schemes since they take into account, in order to supplement them, all the other pensions such as those resulting, inter alia, from the French basic and supplementary pension schemes, the precise amount of the pension annuity will in fact only be calculated on the date when the beneficiary applies for all his pensions.

2.4.3.4. Application of the related-party agreements scheme

The above provisions are subject to the procedure for related-party agreements.

For Mr Nicolas Hieronimus, an agreement suspending his employment contract was approved by the Annual General Meeting of 20 April 2021 (resolution no. 15). This mechanism is restated every year in the present chapter and in the Statutory Auditors' special report on related-party agreements.

2.4.3.5. Situation of Mr Nicolas Hieronimus

The Board of Directors at its meeting of 20 April 2021 appointed Mr Nicolas Hieronimus, the then Deputy Chief Executive Officer in charge of Divisions, and an employee of L'Oréal, as Chief Executive Officer following a brilliant career spanning 34 years within L'Oréal. The Board of Directors did not wish for Mr Nicolas Hieronimus, by accepting the role of Chief Executive Officer, to be deprived (at the age of 57 and after 34 years with L'Oréal) of the benefits to which he would have continued to be entitled had he remained an employee. Therefore, the Board adopted the following measures, which were approved by the Annual General Meeting of 20 April 2021 as part of the procedure for related-party agreements:

1) Maintenance of the employment contract and separation of the benefits attached to the corporate office and the employment contract

The reference remuneration of Mr Nicolas Hieronimus to be taken into account for all rights attached to the employment contract and, in particular, for the calculation of the pension under the defined-benefit scheme described below, is based on his remuneration at the date of suspension of his employment contract. This reference remuneration is €1,750,000 of fixed remuneration and €1,850,000 of variable remuneration. This remuneration will be revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund *(Caisse Nationale d'Assurance Vieillesse)*. As at 1 January 2024, it was €1,951,250 for fixed remuneration and €2,062,750 for variable remuneration.

The seniority applied covers his entire career within the Group, including the years spent as an executive corporate officer.

2) Dismissal, termination or retirement indemnities, financial consideration for the non-competition clause

In the event of termination of his suspended employment contract during the exercise of the term of corporate office, and depending on the reasons for such termination, Mr Nicolas Hieronimus would only be paid termination indemnities, except in the event of gross misconduct or gross negligence, or retirement indemnities in the event of voluntary retirement or at the Company's request pursuant to the suspended employment contract.

These indemnities, which are attached solely to termination of the employment contract and in strict application of the National Collective Bargaining Agreement for the Chemical Industries *(Convention Collective Nationale des Industries Chimiques)* and the company-level agreements applicable to all L'Oréal managers, are automatically due pursuant to the public policy rules of French labour law. They are not subject to any condition other than those provided for by the National Collective Bargaining Agreement for the Chemical Industries or the above-mentioned Company-level agreements. The same applies to the non-compete clause and the related financial consideration.

Pursuant to the scale of indemnities under the National Collective Bargaining Agreement for the Chemical Industries, in the event of dismissal, except in the event of gross misconduct or gross negligence, the indemnity would be capped, in light of Mr Nicolas Hieronimus' length of service, at 20 months' remuneration under the suspended employment contract.

In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries and in the event of termination of the employment contract, the indemnity due in consideration of the non-compete clause would be payable monthly for two years on the basis of two-thirds of the monthly fixed remuneration attached to the suspended employment contract unless Mr Hieronimus were to be released from application of the clause. This clause does not apply in the event of voluntary retirement or compulsory retirement on the Company's initiative: no consideration for non-competition would be paid in such a situation.

3) Defined benefit pension scheme

Mr Nicolas Hieronimus will continue to benefit, under his suspended employment contract during the exercise of the corporate office, from the "Garantie de Ressources des Retraites Anciens Cadres Dirigeants" (Retirement Income Guarantee for Former Senior Managers) scheme closed to new members effective from 31 December 2015. The income guarantee is calculated on the basis of the number of years of professional service in the Company up to 31 December 2019, up to a limit of 25 years. Generally, after 31 December 2019, no new rights are granted under this scheme, pursuant to French Order no. 2019-697 of 3 July 2019 concerning supplementary professional retirement schemes, which stipulated the closure of all defined benefit schemes governed by Article L. 137-11 of the French Social Security Code.

The main features of this scheme are as follows:

- around 340 senior managers (active or retired) are concerned;
- the minimum length of service requirement was 10 years at the time of closure of the scheme on 31 December 2015;
- the income guarantee is calculated on the basis of the number of years of professional service in the Company until 31 December 2019, capped at 25 years, each year leading to a progressive and regular increase of 1.8% in the level of the guarantee. The pension cannot exceed 50% of the calculation base or exceed the average of the fixed part of wages;
- the guarantee is financed by contributions paid to an insurance institution. These contributions are deductible from corporate income tax and are subject to the employer's contribution as provided by Article L. 137-11, 2a) of the French Social Security Code at a rate of 24%.

The pension rights of Mr Nicolas Hieronimus are no longer likely to change insofar as he has more than 25 years of service, the ceiling above which no additional annuity is granted under this scheme. For information purposes, the gross estimated amount of the pension that would be paid to Mr Nicolas Hieronimus, under L'Oréal's "Garantie de Ressources des Retraités Anciens Cadres Dirigeants" (Retirement Income Guarantee for Former Senior Managers) scheme, had he been able to liquidate on 31 December 2023 his full-rate pension rights under French Social Security, after 36 years of service within L'Oréal, would represent €1.68 million.

This information is given as an indication after estimating the main pension rights accrued by Mr Nicolas Hieronimus as a result of his professional activities, according to the rules for payment of such pensions in force at 31 December 2023, which may be subject to change. The amount of the pension paid to Mr Nicolas Hieronimus under L'Oréal's "Garantie de Ressources Dirigeants" (income guarantee for senior managers) will only be calculated on the date when he applies for all his pensions.

As a reminder, the rights to the defined benefit pension are uncertain and conditional on the completion of the beneficiary's career in the Company. The financing of this scheme by L'Oréal cannot be broken down individually by employee.

2.4.3.6. Situation of Mr Jean-Paul Agon

Mr Jean-Paul Agon notified the Company of the termination of his employment contract on 30 April 2021, in order to be able to draw his retirement benefits as from 1 May 2021, after a 42-year career with the organisation. Under his suspended employment contract, Mr Jean-Paul Agon is entitled to draw the pension cover for members of the Comité de Conjoncture *(Garantie de Retraite des Membres du Comité de Conjoncture)*, a supplementary pension scheme that closed on 31 December 2000.

The annuity entitlement under this scheme was approved, in the context of the related-party agreements procedure, by the Annual General Meeting of 27 April 2010 and by the Annual General Meeting of 17 April 2018. In accordance with the remuneration policy applicable to Mr Jean-Paul Agon in his position as Chairman of the Board of Directors, he irrevocably waived his right to receive all retirement annuity arrears resulting from this scheme from 1 May 2021 to 30 April 2024.

Mr Jean-Paul Agon informed L'Oréal of his intention to draw this annuity from 1 May 2024.

4) AMF summary table

The table set out below, presented in the form recommended by the French Financial Markets Authority (AMF), clearly shows that there are no concurrent benefits under the suspended employment contract and the corporate office. It is also stated that the AMF considers that a company complies with the AFEP-MEDEF Code when it explains the maintenance of the employment contract of a senior manager as an employee in the Company and his personal situation and provides detailed substantiation in this respect[1].

	Employment contract		Supplementary pension scheme[2]		Indemnities or benefits due or which may become due as a result of termination or change of duties[3]		Indemnities relating to a non-compete clause[4]	
	Yes	No	Yes	No	Yes	No	Yes	No
Mr Jean-Paul Agon Chairman of the Board		X		X		X		X
Mr Nicolas Hieronimus[1] Chief Executive Officer	X		X			X	X	

(1) Mr Nicolas Hieronimus has been a Director since 20 April 2021, and has served as Chief Executive Officer since 1 May 2021. Mr Nicolas Hieronimus' employment contract is suspended for the entire length of his executive corporate office. This suspension was approved by the Annual General Meeting on 20 April 2021.

(2) Mr Nicolas Hieronimus belongs to the "Garantie de Ressources des Retraités Anciens Cadres Dirigeants" (Retirement Income Guarantee for Former Senior Managers) scheme, details of which are given in chapter 4. This defined benefit pension scheme makes the granting of entitlement to benefits conditional on the beneficiary finishing their career in the company; L'Oréal does not finance them on an individual basis per employee.

(3) No indemnity is due for termination of the corporate office. Under the employment contract, pursuant to the schedule of indemnities of the French National Collective Bargaining Agreement for the Chemicals Industry, in the event of dismissal, except in the event of gross misconduct or gross negligence, the dismissal indemnity could not be greater than 20 months of the remuneration payable under the employment contract (see paragraph 2.4.3.4. on the cumulative amount of the contractual indemnity and the indemnity due in consideration of the non-compete clause).

(4) In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries, in the event of termination of the employment contract (excluding voluntary or compulsory retirement), the indemnity due in consideration of the non-compete clause would be payable every month for two years on the basis of two thirds of the monthly fixed remuneration related to the employment contract unless the executive corporate officer were to be released from application of the clause (see 2.4.3.4. on the accumulated amount of the convention indemnity and the indemnity due in consideration of the non-compete clause).

2.4.4. Summary table of the remuneration of Mr Jean-Paul Agon, Chairman of the Board of Directors

	2023		2022	
In €	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed remuneration	1,600,000	1,600,000	1,600,000	1,600,000
Annual variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration for term of office as Director	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	**1,600,000**	**1,600,000**	**1,600,000**	**1,600,000**

SUMMARY TABLE OF REMUNERATION AND PERFORMANCE SHARES AWARDED TO M. JEAN-PAUL AGON, CHAIRMAN OF THE BOARD OF DIRECTORS

In €	**2023**	**2022**
Remuneration due in respect of the financial year	1,600,000	1,600,000
Value of performance shares granted during the financial year	N/A	N/A
TOTAL	**1,600,000**	**1,600,000**

HISTORY OF THE STOCK OPTIONS GRANTED TO MR JEAN-PAUL AGON SINCE HIS APPOINTMENT AS A CORPORATE OFFICER THAT CAN STILL BE EXERCISED AT 31 DECEMBER 2023

N/A.

TABLE OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY MR JEAN-PAUL DURING FINANCIAL YEAR 2023

N/A.

(1) AMF, Recommendation no. 2012-02, last updated on 5 January 2022.

HISTORY OF CONDITIONAL GRANTS OF SHARES (ACAS) TO MR JEAN-PAUL AGON SINCE HIS APPOINTMENT AS A CORPORATE OFFICER

Grant date	Number of ACAs granted	Performance conditions[3]	Grant value (IFRS fair value)	Date of final vesting of all or part of the ACAs	Number of finally vested shares	First possible date of sale of a portion of these[4]
17 April 2012[1]	50,000	Yes	3,853,500	18 April 2016	50,000	18 April 2018
26 April 2013[1]	40,000	Yes	4,494,800	27 April 2017	40,000	27 April 2019
17 April 2014[1]	40,000	Yes	4,183,200	18 April 2018	40,000	18 April 2020
22 April 2015[1]	32,000	Yes	5,167,680	23 April 2019	26,432	23 April 2021
20 April 2016[2]	32,000	Yes	4,938,240	21 April 2020	32,000	21 April 2020
20 April 2017[2]	32,000	Yes	5,340,800	21 April 2021	26,544	21 April 2021
17 April 2018[2]	30,000	Yes	5,285,100	18 April 2022	30,000	18 April 2022
18 April 2019[2]	24,000	Yes	5,430,000	19 April 2023	24,000	19 April 2023

(1) *At the end of the vesting period, Mr Jean-Paul Agon, as a French resident on the date of granting the shares, is required to hold the fully vested shares for an additional two-year period during which the shares may not be transferred.*
(2) *The 20 April 2016, 20 April 2017, 17 April 2018 and 18 April 2019 Plans set a four-year vesting period, without any holding period.*
(3) *See the performance conditions described in chapter 7 of this document.*
(4) *Mr Jean-Paul Agon, as corporate officer, shall retain 50% of the fully vested shares in registered form until the end of his duties. Mr Jean-Paul Agon has undertaken not to enter into any risk hedging transactions.*

TABLE OF PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE 2023 FINANCIAL YEAR FOR MR JEAN-PAUL AGON

N/A.

2.4.5. Summary table of the remuneration of Mr Nicolas Hieronimus, Chief Executive Officer

	2023		2022	
In €	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	2,000,000	2,000,000	2,000,000	2,000,000
Annual variable remuneration	2,250,000	2,260,000	2,260,000	2,260,000
Exceptional remuneration	-	-	-	-
Remuneration for term of office as Director	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	**4,250,000**	**4,260,000**	**4,260,000**	**4,260,000**

SUMMARY TABLE OF REMUNERATION AND PERFORMANCE SHARES AWARDED TO M NICOLAS HIERONIMUS, CHIEF EXECUTIVE OFFICER

In €	2023	2022
Remuneration due in respect of the financial year	4,250,000	4,260,000
Value of performance shares granted during the financial year	6,323,320	6,066,600
TOTAL	**10,573,320**	**10,326,600**

HISTORY OF THE STOCK OPTIONS GRANTED TO MR NICOLAS HIERONIMUS SINCE HIS APPOINTMENT AS A CORPORATE OFFICER THAT CAN STILL BE EXERCISED AT 31 DECEMBER 2023

N/A.

TABLE OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY MR NICOLAS HIERONIMUS DURING FINANCIAL YEAR 2023

N/A.

HISTORY OF CONDITIONAL GRANTS OF SHARES (ACAS) TO MR NICOLAS HIERONIMUS SINCE HIS APPOINTMENT AS A CORPORATE OFFICER

Grant date	Number of ACAs granted	Performance conditions(1)	Grant value (IFRS fair value)	Date of final vesting of all or part of the ACAs	Number of finally vested shares	First possible date of sale of a portion of these(2)
7 October 2021	17,000	Yes	5,768,780	8 October 2025	N/A	8 October 2025
13 October 2022	20,000	Yes	6,066,600	14 October 2026	N/A	14 October 2026
13 October 2023	17,000	Yes	6,323,320	14 October 2027	N/A	14 October 2027

(1) *See the performance conditions described in chapter 7 of this document.*
(2) *Mr Nicolas Hieronimus, as corporate officer, shall retain 50% of the fully vested shares in registered form until the end of his term of corporate office. Mr Nicolas Hieronimus has undertaken not to enter into any risk hedging transactions.*

TABLE OF PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE 2023 FINANCIAL YEAR FOR MR NICOLAS HIERONIMUS

N/A.

2.5. Summary table of the recommendations of the AFEP-MEDEF Code which have not been applied

AFEP-MEDEF Code recommendations	L'Oréal's practices and justifications
Composition of the Committees: proportion of independent members of the Committees (points 17.1 and 18.1 of the AFEP-MEDEF Code)	
The proportion of independent Directors on the Audit Committee must be at least two-thirds.	The Audit Committee consists of 60% independent Directors (i.e., three out of five). The Committee is chaired by Ms Virginie Morgon, an independent Director. The Board of Directors considers this composition satisfactory in light of the necessary presence of two Directors from L'Oréal's majority shareholders and its choice of maintaining a limited number of members in order to ensure the efficiency of the work of this Committee which requires a certain level of expertise in finance or accounting.
The Selection or Appointments Committee and the Remuneration Committee must be composed of a majority of independent Directors.	The Nominations and Governance Committee currently consists of 50% independent Directors. The Committee is chaired by Mr Patrice Caine, an independent Director. Furthermore, in 2021, the Haut Comité de Gouvernement d'Entreprise (High Committee on Corporate Governance) restated that *"an Audit Committee in which three of the five members are independent, or a Remuneration Committee in which two of the four members are independent, complies with the spirit of the code as long as it is chaired by an independent Director"* and acknowledged that a committee in which 50% (rather than a majority) of the members are independent Directors complies with the recommendation of the Code as long as the chairman of the committee is independent (November 2021 report).
Employment contract of the corporate officer (points 23 and 25 of the AFEP-MEDEF Code)	
It is recommended, though not required, that when a senior manager becomes a director and corporate officer of the Company, his/her employment contract with the Company or another company of the Group should be terminated by agreed termination or by resignation. **When agreement is reached, it is likely to include a clause authorising the Board to waive the application of this non-compete agreement at the time of the manager's departure. No non-compete compensation may be paid beyond the age of 65.**	The Board of Directors considered that the objective pursued by this recommendation can be fully achieved by maintaining the suspension of the employment contract and clearly separating the benefits related to the employment contract from those tied to his corporate office. This position of the Board applies to the current office of Mr Nicolas Hieronimus as Chief Executive Officer and, in the future, to any new executive officer appointed who has over 15 years of service in the Group at the time of appointment. L'Oréal's ongoing policy has been to appoint employees who have completely succeeded in the various stages of their career in the Group as corporate officers. This is reflected in Nicolas Hieronimus's appointment as Chief Executive Officer from 1 May 2021, after a highly successful career in the Group over the previous 34 years. The Board of Directors noted that if, in accordance with the AFEP-MEDEF recommendation, his employment contract with L'Oréal were to be terminated, Mr Nicolas Hieronimus would lose the status he acquired as a result of the 34 years he spent working for the Group as an employee. The AMF, in its Recommendation 2012-02 last updated on 14 December 2023, considers that a senior manager's length of service as a company employee and their personal situation may justify maintaining their employment contract if the company provides explanations adapted to the individual situation of each executive (length of service and description of the benefits granted under the employment contract).

AFEP-MEDEF Code recommendations	L'Oréal's practices and justifications
	As such, in respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries and in the event of termination of the employment contract, the indemnity due in consideration of the non-compete clause would be payable monthly for two years on the basis of two-thirds of the monthly fixed remuneration attached to the suspended employment contract unless Mr Hieronimus were to be released from application of the clause. This clause is not applicable in the event of voluntary retirement or retirement at the Company's request, meaning that no non-compete indemnity would be paid in this situation.

2.6. Summary statement of trading by Directors and corporate officers in L'Oréal shares in 2023

(Article 223-26 of the General Regulation of the French Financial Markets Authority (AMF))

Person concerned	Description of the financial instrument	Nature of transaction	Number of transactions	Total amount
Mr Jean-Paul Agon Chairman of the Board of Directors	Shares	Final vesting of free shares granted subject to performance conditions (ACAs)*	1	€0
	Shares	Sale	5	€17,229,062.71
Mr Nicolas Hieronimus Chief Executive Officer Director	Shares	Final vesting of free shares granted subject to performance conditions (ACAs)*	1	€0
	Shares	Sale	1	€2,328,090
Mr Paul Bulcke Director	Shares	Sale	1	€901,700
Ms Françoise Bettencourt Meyers Director	Shares	Contribution in kind (contributor)**	1	27,650,000 shares Unit price: €405.40
Company (Financière L'Arcouest S.A.S.) related to Ms Françoise Bettencourt Meyers (Director)	Shares	Contribution in kind (beneficiary)**	1	27,650,000 shares Unit price: €405.40

* *Delivery in April 2023 of the ACAs Plan of 18 April 2019 (see subsections 2.4.4. and 2.4.5.).*

** *On 29 December 2023, Ms Françoise Bettencourt Meyers made a contribution in kind of 27,650,000 L'Oréal shares to the company Financière L'Arcouest S.A.S. (see AMF decision no. 223C2036 of 12 December 2023), with a contribution value of €405.40 per L'Oréal share contributed.*

2.7. Statutory Auditors' Special Report on regulated agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2023

This is a translation into English of the statutory auditors' report on regulated agreements issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

L'Oréal

Société anonyme

14, rue Royale

75008 Paris

To the Annual General Meeting of L'Oréal,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Annual General Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the Annual General Meeting

Agreements authorized and entered into during the year

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Annual General Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements previously approved by the Annual General Meeting

Previously approved agreements that remained in force during the year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreement, previously approved by Annual General Meetings of prior years, has remained in force during the year.

Agreement concerning the position of Nicolas Hieronimus, Chief Executive Officer of your company

Nature and purpose

On February 11, 2021, your Board of Directors authorized an agreement to suspend the employment contract between your company and Nicolas Hieronimus, former Deputy Chief Executive Officer and employee of your company, who became the Company's Chief Executive Officer as of May 1, 2021, following the decision of the Board of Directors' meeting held at the close of the Annual General Meeting of April 20, 2021.

This agreement was entered into following the Board of Directors' meeting and became effective as of May 1,2021.

Terms and conditions

- Suspension of Nicolas Hieronimus' employment contract during the term of his corporate office

In the event of termination of his suspended employment contract during the term of office, and depending on the reasons for such termination, Nicolas Hieronimus will only receive the severance pay (save for gross misconduct or gross negligence) or retirement indemnities in the event of voluntary retirement or retirement at the Company's request, payable under the employment contract that has been suspended. These indemnities, which are attached solely to termination of the employment contract and in strict application of the French collective bargaining agreement for the chemicals industry (*Convention collective nationale des industries chimiques*) and the company-level agreements applicable to all L'Oréal managers, are automatically due pursuant to the public policy rules of French labor law. They are not subject to any condition other than those provided for by the collective bargaining agreement or the above-mentioned company-level agreements. The same applies to the non-compete clause and the related financial consideration.

Nicolas Hieronimus will continue to benefit, under his employment contract suspended for the term of his corporate office, from the "*Garantie de Ressources des Retraités Anciens Cadres Dirigeants*" (Retirement Income Guarantee for former senior managers) scheme, closed to new entrants as from December 31, 2015. Indemnities are calculated according to the number of years of professional activity within the company as of December 31, 2019, up to a maximum of 25 years. In general, subsequent to December 31, 2019, no new entitlement is granted under this scheme pursuant to Order 2019-697 of July 3, 2019 on supplementary pension schemes, which provides for the closure of all defined-benefit schemes governed by Article L.137-11 of the French Social Security Code (*Code la sécurité sociale*). The main features of this scheme are described in Note 4.3.2.5 to the 2022 L'Oréal Universal Registration Document. In this specific case, Nicolas Hieronimus reached the limit of 25 years' professional activity in the Group provided under the scheme in 2012 and therefore has not benefited from any new entitlement to supplementary annuities since such date.

Under his employment contract and in accordance with the French collective bargaining agreement for the chemicals industry, in the event of termination of the employment contract, the compensation under the non-compete clause would be payable monthly over two years based on two-thirds of the monthly fixed remuneration provided for in the suspended employment contract, unless Nicolas Hieronimus was released from the application of this clause. This clause is not applicable in the event of voluntary retirement or retirement at the Company's request and no non-compete compensation would be paid in this situation.

Under no circumstances shall the remuneration received for the corporate office be taken into consideration in calculating benefits likely to be payable under the above-mentioned employment contract.

- Terms and conditions relating to the suspension of Nicolas Hieronimus' employment contract
  - The reference remuneration to be taken into account for all entitlements attached to the employment contract and particularly the calculation of the aforementioned retirement benefits, will be based on the amount of remuneration at the date of suspension of the employment contract in 2021, namely, fixed remuneration of €1,750,000 and variable remuneration of €1,850,000. This reference remuneration will be revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund (Caisse nationale d'assurance vieillesse). As of January 1, 2024 it comprised a fixed portion of €1,951,250 and a variable portion of €2,062,750.
  - The length of service applied will cover his entire career within the Group, including his years as executive officer.
- The continued treatment of Nicolas Hieronimus in the same way as a senior manager throughout the term of his corporate office would allow him to benefit from the additional social protection schemes, including the defined-contribution pension scheme and employee benefit and healthcare schemes applicable to the Company's employees. This information is contained in the remuneration policy submitted for approval to the Annual General Meeting of April 23, 2024.

Paris La Défense, February 16, 2024

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David DUPONT-NOEL	Céline EYDIEU-BOUTTE

Risk factors and risk management AFR

3

AFR *This information is an integral part of the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code.*

This chapter is based on the work carried out by the Group's Internal Control and Risk Management departments. It presents the internal control environment of L'Oréal, including the system relating to the preparation and processing of accounting and financial information. It describes the risk factors pursuant to Regulation (EU) 2017/1129 of 14 June 2017 ("Prospectus Directive III"), as well as the associated risk management policy. These risks are presented in four categories: (i) business risks, (ii) industrial and environmental risks, (iii) legal and regulatory risks, (iv) financial and market risks. The main non-financial risks within the meaning of the Non-Financial Performance Statement(1) are described in chapter 4. The Vigilance Plan(2) is also included in this chapter.

3.1. Definition and objectives of Internal Control

3.1.1. Reference work

For the purposes of preparing this Document and defining Internal Control, L'Oréal has used the Reference Framework and its application guide published by the French Financial Markets Authority (AMF) in January 2007, and updated on 22 July 2010.

3.1.2. Internal Control – preventing and controlling risk

At L'Oréal, Internal Control is a system that applies to the Company and its consolidated subsidiaries (the "Group"), which aims at ensuring that:

- economic and financial targets are achieved in compliance with the laws and regulations in force and the Group's Ethical Principles and standards;
- the orientations set by General Management are followed;
- the Group's assets and reputation are valued and protected; and
- the Group's financial and accounting information is reliable and provides true and fair statements.

By contributing to preventing and managing risks, the Internal Control system promotes the steady and sustainable manufacturing and economic development of the Group within a control environment that is appropriate for the Group's businesses. However, any system or process has its limitations. These result from a number of factors, in particular the uncertainties of the outside world or malfunctions due to technical or human failures.

The handling of risk should be based in particular on a reasonable informed choice between the challenges to be controlled, the opportunities to be seized, the cost of the risk management measures, and the effects of these measures on the occurrence and impact of the risk.

3.1.3. A process for the continual improvement of the Internal Control system

In 2023, the Group continued its efforts to improve the system of Internal Control by, in particular:

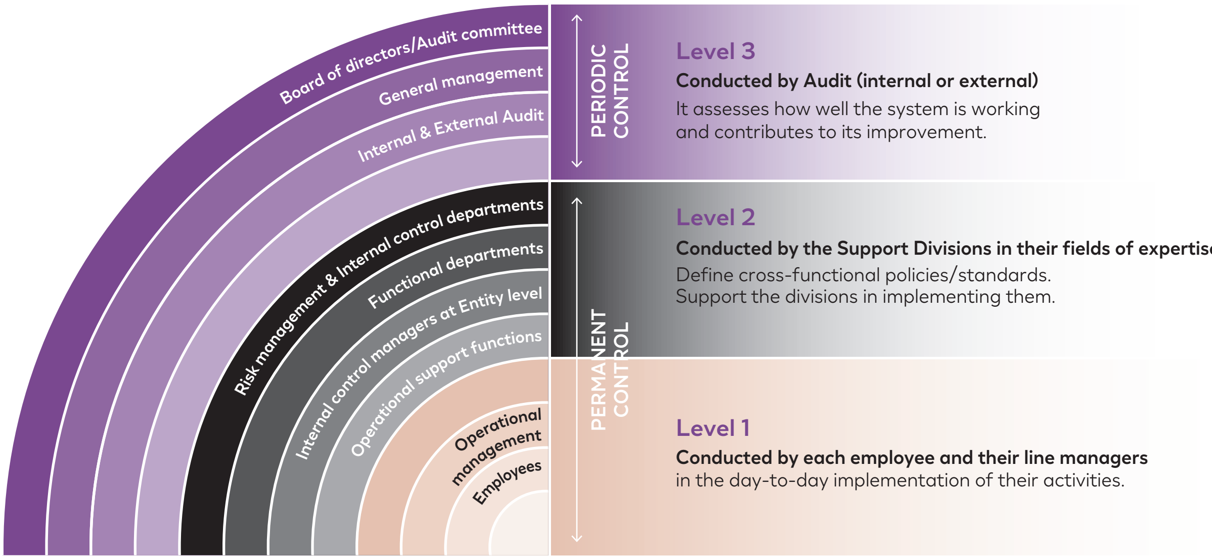
- constantly adjusting the Group matrix for the segregation of duties and the associated control environment;
- providing new operational guides to remind employees of the Group's principles and enable the sharing of best practices (e.g. the update to the "The Way We Work With Healthcare Professionals" guide and the Property Assets Playbook);
- updating the "Fundamentals of Internal Control" digital library (e.g. on product quality and safety, and information systems);
- regularly adapting the reference frameworks to address new challenges;
- updating the Group's digital referential(3); and
- revamping of the programme to raise awareness of the risks of fraud.

The deployment of online learning (prevention of corruption, data security, competition, cyber security, personal data protection) is ongoing.

(1) As defined by Articles L. 225-102-1 and L. 22-10-36 of the French Commercial Code.
(2) Drawn up pursuant to Article L. 225-102-4 of the French Commercial Code.
(3) See subsection 3.2.1.

The network of Internal Control managers continued to be built up worldwide through:

- compulsory learning for new Internal Control managers;
- learning courses specific to each business segment to present the risks and the associated control framework;
- informative webchats for sharing updates on Group projects and business standards; and
- a network of Zone Internal Control managers and Internal Control officers in each business segment.



3.2. Components of the Internal Control and Risk Management system

3.2.1. Organisation and environment

The control environment is critical to the Internal Control system. It ensures to properly manage the risks and implement procedures. It is based on behaviours, the organisational structure and employees. At L'Oréal, it forms part of a culture of rigour and commitment communicated by senior management in line with the Group's strategic choices.

The Group's Ethical Principles

L'Oréal's development and reputation are built on strong Ethical Principles: Integrity, Respect, Courage and Transparency. The Group's policies on sustainability, social and societal responsibility, compliance and philanthropy are based on the Ethical Principles.

L'Oréal's Code of Ethics is available in 30 languages and as an audiobook in English and French. In 2023, it was completely overhauled. It is distributed to all employees around the world. It uses simple rules and concrete examples to explain how they can apply these Ethical Principles in their behaviours and actions.

The Code of Ethics applies to all employees, directors and corporate officers and members of the Executive and Management Committees.

The Chief Ethics, Risk and Compliance Officer

The Chief Ethics, Risk and Compliance Officer reports directly to the Chief Executive Officer and keeps him informed on a regular basis. The Chief Ethics, Risk and Compliance Officer regularly informs the Board of Directors and the Executive Committee. His mission on Ethics is to:

- promote and integrate best practices within the Group, by facilitating ethical decision-making;
- oversee employee learning;
- oversee the management of alerts and directly manage those related to senior management positions; and
- measure and assess the Company's ethical performance.

They have a dedicated budget and team, and unrestricted access to all information about the Group's business activities. They can call upon any of the Group's teams and resources in the performance of their work.

The Ethics and Human Rights approach of L'Oréal and its stakeholders

Country Managers (or for Corporate or Zone staff, the members of the Group's Executive Committee to whom they report) are responsible for ensuring compliance with the Code of Ethics. The Chief Ethics, Risk and Compliance Officer systematically meets each new Country Manager and the Group's senior managers to provide guidance about their role. Senior managers also benefit from a tool to help develop their ethics leadership as well as specific learning.

The 81 Ethics Correspondents throughout the world assist members of the Executive Committee and Country Managers to implement the ethics programme. Led by the Group Ethics team, they provide all employees with a local point of contact. They promote the normal routes for handling concerns by Management and Human Resources.

The Chief Corporate Responsibility Officer, a member of the Executive Committee, oversees the respect of Human Rights and fundamental freedoms in the Group.

The ethical and Human Rights risks are mapped and regularly updated, which includes suppliers and subcontractors (see subsection 3.4.3.). Country Managers assess and analyse local ethical risks using a dedicated tool. They adopt the necessary prevention measures.

An annual reporting system is used to monitor the implementation of the Ethics and Human Rights programme. The Global Ethics, Risk & Compliance Department informs subsidiaries of their potential areas for improvement. Ethics risks are systematically reviewed during audit assignments, through individual interviews conducted separately with the Country Manager and the Administrative and Financial Director.

For prospective acquisitions, the Ethics and Human Rights questionnaire helps to determine whether the target company takes account of risks, particularly those related to business ethics.

A specific and compulsory e-learning course on ethics is available in all subsidiaries. It was updated in 2023 following the publication of the new Code of Ethics. As at 31 December 2022, 87% of the employees with access to the course had completed it. The Ethics, Risk and Compliance Department also provides face-to-face learning as part of the ongoing learning of managers and certain business functions (Country Managers, Buyers and Human Resources). As at 31 December 2023, 66% of the relevant employees had already completed it.

The evaluation of the overall performance of employees, and more specifically managers, takes into account compliance with the Code of Ethics and Ethical Principles. Regular communication with stakeholders and the setting up of internal working groups help to incorporate Ethics into new policies and strategic decisions.

The Group's whistleblowing line (www.lorealspeakup.com), available to all Group stakeholders, as well as a procedure to collect and process reports, make it possible to manage any violations.

In 2023, 678 potential ethical violations were identified either via the secure website, or via the Ethics Correspondents or local or international management. After reported cases have been thoroughly examined, appropriate measures are taken, where applicable. The global number of reports of discrimination, harassment (including sexual harassment) and corruption received at Group level worldwide is notified to employees on a regular basis, as is the number of fully or partially substantiated cases and the corrective measures taken.

Ethics Day: an annual day on ethics

The Group has held Ethics Day since 2009. During this online event hosted by the Chief Executive Officer, Group employees can ask questions and discuss the day-to-day application of the Ethical Principles. Each member of the Executive Committee and each Country Manager organises local ethics discussions. In 2023, with over 37,000 people logging on and more than 6,600 questions, employees showed that they were heavily engaged with this subject. Furthermore, they receive regular information about the Group's Ethical policy and have access to a dedicated Intranet site.

L'Oréal's Corporate Social Responsibility (CSR)

For many years, L'Oréal has adopted an ambitious CSR policy, in particular through its sustainability programmes and its goals within the framework of the Science Based Targets initiative[1].

In this context, the Group has developed a strong governance structure (see section 4.1.), which includes the establishment of Sustainability Leaders worldwide. They are tasked with helping the Country, Zone, Division and Brand Managers to implement the sustainability programme within their entities. The progress of local implementation of the Group's commitments is monitored by means of an annual reporting system.

Internal Audit regularly reviews CSR risks, as well as the extent to which any policies adopted to address such risks have progressed. The results are then reported to the Audit Committee.

Since 2019, in collaboration with the Ethics, Risk and Compliance Department, L'Oréal's Corporate Responsibility Department has conducted a deeper assessment of the risks associated with climate change related to the Group's operations, relying in particular on the scenario analysis method. These departments intended to improve their ability to anticipate and mitigate the impact of these risks. It should be noted that the financial risks related to the effects of climate change and the Group's measures to reduce them are described in chapter 4.

Human Resources policy

The quality and skills of female and male employees are key components of the Internal Control system. L'Oréal's Human Resources (HR) Department has always had the mission of supporting the Group's growth and supporting its transformation initiatives. In order to be sustainable, L'Oréal's growth relies first and foremost on the women and men in the Company, who are the key drivers of the Group's success. Built on this conviction, the Group's human and social project is based on individualised management of employees and on collective strength.

L'Oréal's HR policy is based on the identification, recruitment and development of employees throughout their career, and on the rewarding and commitment of all, as well as on an active policy on diversity, equity and inclusion. Dedicated policies are developed within the Group in each of these areas (see subsection 4.3.2.).

(1) *These policies and commitments are summarised in subsection 1.4.2. and set out in detail in chapter 4.*

Information systems

The Group's Global IT Department issues strategic orientations for its IT systems and information systems security (ISS) guidelines. The systems incorporate "ERP (Enterprise Resource Planning)", a management software application used by the vast majority of commercial subsidiaries. The worldwide roll-out of this integrated software package reinforces the reliability and security of producing information, including accounting and financial information. In pursuit of the same objective, the deployment of an integrated production and management solution in the Group's manufacturing entities is continuing.

The procedures and standards governing the activities

Each Functional Division defines, in its own specific field, the principles and standards applicable to the entities it manages. These principles and standards are summarised in the "Fundamentals of Internal Control", a guide which is regularly updated under the responsibility of the Ethics, Risk and Compliance Department, so that employees can adopt them more easily. This document provides a reference framework for the Group. It covers operational activities in the form of an information sheet for each area of activity. Each information sheet refers to the detailed charters, codes and standards of the Group. The sheets are regularly updated, expanded and validated by the Functional Divisions.

A management segregation of duties standard is regularly updated and distributed to all entities. It defines the main rules for sales, purchasing, logistics, finance, human resources and information systems management. The application of these rules prevents the risks of fraud and reduces the probability that errors (whether intentional or not) may remain undetected.

Communication of information inside the Group

The "Fundamentals of Internal Control" are circulated to the Managing Directors, Finance Directors, and Internal Control Managers of all the consolidated subsidiaries, including manufacturing entities. The Fundamentals, codes, charters, standards, and information related to the organisation, variations and instructions from the Support Departments are made permanently available to the subsidiaries on the Group's Intranet sites. A digital standard provides all Group employees with guides, charters and expert contacts organised by function and by subject.

The Functional Divisions also hold seminars and learning sessions for their networks of experts. News published on the Intranet gives employees news updates and meaningful messages on Internal Control.

Within the Group, two tools promote communication on the priorities of Internal Control:

1. the "Internal Control Awards", which take place every two years and reward the best global initiatives; and
2. the Internal Control Department's Intranet site, which disseminates Internal Control's initiatives, tools and events all over the world.

3.2.2. Control and supervision activities: those involved and their roles

Risk management and Internal Control is the business of everyone, from governance bodies to all employees. This system is continually monitored to ensure it is relevant, meets the Group's objectives and addresses its issues. The main players in the monitoring of Internal Control and risk management are:

- the General Management and its Management Committee (Executive Committee);
- the Board of Directors and especially the Audit Committee;
- the Ethics, Risk and Compliance Department, the Internal Control Department and the Internal Audit Department;
- the Functional Divisions; and
- the Operational Divisions and Geographic Zones.

The General Management and its Management Committee (Executive Committee)

The General Management defines the general principles of Internal Control and ensures their proper implementation. In order to fulfil their global Internal Control responsibilities, the members of the Executive Committee rely on operational and functional managers, according to their areas of expertise. These managers must ensure these general principles are implemented and the procedures correctly applied to achieve the level of Internal Control required by General Management.

The Board of Directors and Audit Committee

The Board of Directors has always asserted the importance of Internal Control and its main areas of application[1]. The Internal Rules of the Board of Directors define the Audit Committee's duties:

- it monitors the action taken by Internal Control and reports this to the Board of Directors;
- it is responsible for monitoring issues relating to the preparation of accounting and financial information and for corporate sustainability reporting; and
- each year, it reviews the Internal Audit plan, its objectives and the general conclusions of Internal Audit assignments, as well as the initiatives and major projects that relate to Internal Control. The Committee uses this information to report its remarks to the Board of Directors.

(1) The activities of the Board of Directors are reported in subsection 2.3.2 and the duties entrusted to its Chairman in paragraph 2.1.2.3.

Operational Divisions and Geographic Zones

The Group is organised into Divisions and Zones. Alongside the Management of each country, business or manufacturing entity, the Divisions and Zones are fully responsible for achieving the Internal Control objectives defined by General Management.

A system of delegating authorities is in place and continues to be reinforced. The powers of the legal representatives of Group companies and of those to whom they delegate are limited and controlled in accordance with the provisions of the Legal Charter. Specialists in management, information systems, Human Relations digital, retail, purchasing, logistics, production and legal affairs provide support to operations at all levels and help to ensure the Internal Control objectives are achieved.

The Functional Departments

Each member of the Executive Committee is entrusted with worldwide responsibility for the Internal Control of the activities that fall within their remit. The Support Departments define, in their own areas, the strategies, policies and procedures which they communicate to the countries and entities. They bring their expertise to the operational divisions and review the proper functioning of their respective areas of responsibility. They rely on their network of specialists or on regular audits.

The main Departments concerned are:

- the Research, Innovation and Technology Department, with particular regard to cosmeto-vigilance and the quality of the formulas used in the products (see subparagraph 4.3.1.3.2.);
- the Purchasing Departments with regard to suppliers and their working conditions;
- the Environment, Health & Safety Department, with regard to checking site safety and ensuring employee health and environmental compliance;
- the Quality Department to measure performance and the progress made by manufacturing entities with regard to the quality of production;
- the Global IT Department, primarily to assess compliance with the Cyber Security Policy;
- the Administration and Finance Department;
- the Human Resources Department, with regard to the monitoring and supervision of obligations in respect of staff management, specifically:
  - the documents to be provided to employees;
  - the remuneration of the workforce and personnel expenses;
  - recruitment, learning and evaluation procedures, the rules to be followed in respect of payroll management and the implementation of the *Share & Care* programme;
- the Engagement and Public Affairs Department to coordinate communications campaigns and ensure that the Group's responsible lobbying policies are applied;
- the Digital and Marketing Department, with regard to securing the Group's digital transformation (e-commerce, consumer relations, influencers, digital media etc.) by defining the policies, tools and processes and ensuring they are deployed; and
- the Security Department, with regard to the security of people, travel, property, information and data confidentiality, as well as crisis management (see paragraph 3.5.3.1); and
- the Corporate Responsibility Department: see section 3.2.1.

Indicators and reporting procedures facilitate the regular monitoring of the local activities of these Functional Departments.

The Administration and Finance Department

The department assists and monitors operational employees in their administrative, financial and legal activities, as well as in terms of information processing. It sets the operating rules for all entities, defines and deploys tools, procedures and best practices, particularly in terms of management, accounting and consolidation, M&A, investments (BOLD corporate venture fund) and holdings, financing and cash, taxation, legal matters and data governance (including personal data), financial communication, strategic planning and insurance.

An Internal Control Committee has the task of taking all measures to promote the proper understanding and the proper application of the Group's Internal Control rules and also to monitor progress on important Internal Control projects. It is composed of the Chief Financial Officer, and the Directors of Ethics, Risk and Compliance, Internal Control, Operational Finance, Internal Audit and Information Systems (Global IT).

Ethics, Risk and Compliance Department

In particular, this Department coordinates the procedures for identifying, assessing and prioritising risks with all those concerned. It keeps the Group's risk mapping up to date. Its aim is to promote optimal use of resources in order to minimise and control the impact of negative events, as well as maximise opportunities. The Chief Ethics, Risk & Compliance Officer reports directly to the Chief Executive Officer.

The Internal Control Department

This Department, which is separate from Internal Audit, is under the responsibility of the Ethics, Risk and Compliance Department. In collaboration with the experts in each business line, it defines and updates the internal control framework relating to their area of activity. This framework is summarised in the "Fundamentals of Internal Control" reference document and detailed in standards and procedures that are listed in the Group's "digital referential".

The Internal Control Department also manages and develops a network of around 170 regional and local internal control managers covering all Group entities. Their role is to apply the internal control framework and support employees in this respect. Frequent participation in seminars, learning cycles or webinars with functions, and the publication of notes of engagement help to strengthen knowledge of the internal control framework within the Group.

Within a continuous improvement process, the Internal Control Department develops, disseminates and coordinates self-evaluation campaigns focusing on the main risks and issues identified. These campaigns are gradually being rolled out in each of the functions. The self-evaluation of Internal Control makes it possible for the Group's entities to ensure the due and proper functioning of the system and reinforces it with operational actions.

The Internal Control Committee is driven by the Internal Control Department, which validates directions and priorities with regard to improving the internal control framework, developing the network of internal control managers and the tools used to perform internal control tasks. This Department monitors variations related to Internal Control relating to expectations and market practices.

The Internal Audit Department

The Internal Audit Department audits major processes and checks on the application of Group principles and standards. Its work is carried out by a central team that reports directly to the Chief Executive Officer.

Internal Audit assignments are submitted to the General Management and the Audit Committee. With the approval of those committees, they result in an annual audit plan that takes account of the Group's risk mapping, the entities' contributions to the Group's key economic indicators, and the historical precedence and results of previous audits.

The risk level assessment carried out by the Zone Departments and experts in the different functions is also a determining factor in the elaboration of the annual audit plan.

In 2023, the Internal Audit Department carried out 51 assignments, 24 of which involved auditing entities (commercial entities, factories, international marketing and research & innovation departments) and 19 of which were on targeted processes at Group, Zone or Country level. In addition, five assignments were carried out on the cyber security programme and three were dedicated to certain objectives of the L'Oréal for the Future programme.

Each audit assignment results in a report that sets out the corresponding findings and risks, and that proposes an action plan and recommendations for the audited entity. The Internal Audit Department monitors and measures these action plans, then reports the rate of progress to the Departments in question.

To conduct its work, Internal Audit relies on the Group's integrated ERP software. It has developed a number of specific transactions to improve the identification of potential weaknesses in sensitive processes. Data analysis capabilities are strengthened each year. They enhance the standard analyses developed by Internal Audit and the use of dashboards and analysis tools that the businesses are continually developing for their own management needs.

To carry out its work, the Internal Audit Department uses an integrated GRC (Governance, Risk, Compliance) tool, which enables it to consolidate in real-time the progress made on the action plans of audited entities. Shared with the Internal Control function, this tool represents an integrated collaborative platform for the implementation of action plans.

In addition to its role of monitoring the application of the Internal Control system, the Internal Audit Department carries out cross-functional analyses with regard to possible Internal Control weaknesses based on findings noted during its assignments. These analyses direct the work of the Internal Control Committee and identify the priority areas for improvement and strengthening of procedures.

The achievement of the audit plan, the results of assignments and the progress of the action plans are presented to General Management on a regular basis and to the Audit Committee and the Statutory Auditors annually.

The Global IT Department

The Group's Global IT Department determines the strategic orientations of its IT systems. In particular, it implements ERP, a management software which is used by the vast majority of the Group's commercial subsidiaries, factories and logistics services. It also supports the digital transformation of the Group by developing the use of Cloud services (SaaS, IaaS, PaaS) and connected objects.

Within the Department, the Information Systems Security Department manages the Information Systems Security Policy. Consistent with market standards (ISO 27001/27002, NIST), this policy covers the main topics of IT security, including the protection of personal data. It describes general principles to be applied for each topic. This ensures that the Group's Information Systems teams, and by extension, all employees, share clear objectives, best practices and levels of control that are appropriate for the risks (notably, the risk of cyber attacks). This policy is accompanied by an independent information systems security audit programme and two codes of practice: the Information and Communication Technologies Code of Practice, and the Code of Good Practice for the use of Social Media.

The Operations Department

This Department comprises the Packaging and Development, Purchasing, Industrial Strategy and Operational Excellence, Quality, EHS (Environment, Health, Safety), Supply Chain and Information Systems (production) departments. It defines the overall Operations strategy worldwide and defines the standards and methods applicable in the areas of quality, safety and the environment for deployment in all the countries in which the Group operates. It manages the Group's comprehensive strategy to enable the Operations teams in the operational Divisions and the Zones to implement innovation, purchasing, quality, security, environmental manufacturing and supply chain policies that are relevant to the markets. It conducts a worldwide Quality-EHS audit programme, assessing the Group's sites and suppliers of direct purchases. It establishes and trains the business communities of these departments.

In line with the Group's Code of Ethics, buyers have had access to a practical and ethical guide, "The Way We Work with our Suppliers", since 2011. This guide covers everything they need to know when working with the Group's suppliers. In addition, buyers complete online learning programmes based on the Group's "The Way We Compete" and "The Way We Prevent Corruption" guides.

The standard for managing suppliers and tender procedures specify the conditions for competitive tendering and for the registration of the main suppliers. The general terms of purchase form the framework for transactions with suppliers. The "Standard for supplier management (Source to contract)" facilitates and strengthens control of spending and investments.

The main tasks of the Supply Chain Department are to serve the Group's customers and consumers via eight distribution channels operated by the Group, to manage the planning processes, from demand through to supply, and to deploy and operate an agile supply chain network that is both profitable and sustainable. The methods used include managing order processing, from order receipt to preparation, supplying and recovering credit, preparing sales and supply forecasts, deploying inventories of finished products and jobs, managing centres, subcontractors and logistics service providers, and monitoring traceability and logistics continuity plans.

The Packaging Development teams implement a materials vigilance programme that ensures consumer safety in connection with packaging materials, as well as regulatory monitoring in connection with R&I of all legal obligations related to packaging and their labelling.

3.3. Preparing and processing of accounting and financial information

This paragraph is based on the "Application Guide for Internal Control of accounting and financial information published by issuers", from the Reference Framework published by the French Financial Markets Authority (AMF) on 22 July 2010. It is part of an overall process aimed at making continual progress and improving the Internal Control system that is already in place.

3.3.1. Definition, scope and objectives

Internal Control for accounting and finance covers the processes that provide accounting data, i.e. the processes for producing financial information, closing the accounts process and communication campaigns.

The accounting and financial Internal Control process is designed to ensure:

- compliance with accounting regulations and the correct application of the principles on which the financial statements are based;
- application of the guidelines set by the General Management for financial information;
- protection of assets;
- quality of the reporting used to prepare published financial statements and reliability of their centralised processing for the Group for their distribution and use for monitoring purposes; and
- control of the production of financial, accounting and management information including fraud prevention.

The scope of application of the Internal Control procedures relating to the preparation and processing of financial and accounting information encompasses the parent company L'Oréal and all subsidiaries included in the consolidated financial statements.

3.3.2. Monitoring process for the organisation of accounting and finance functions

Organisation of the Finance Departments

Under the supervision of General Management, dedicated teams of specialists are responsible for accounting and financial monitoring in the following areas: accounting, consolidation, tax matters, management, financial services and treasury.

Within the Administration and Finance Division, the Operational Finance Department is responsible for preparing the Group's consolidated financial results. As a result, it also coordinates the Business Service Centre and a worldwide network of management controllers who are responsible for ensuring compliance with the accounting and management standards to ensure appropriate management of the Group's results. In addition, an expert team is responsible for worldwide accounting management, ensuring that IFRS standards are applied, and that the Group's accounting processes are implemented and harmonised worldwide and in the accounting Business Service Centre.

Finally, the Operational Finance Department runs the Group's Tax Department. Comprising a network of tax lawyers at corporate level, in the Zones and in the Group's most vulnerable countries, the Tax Department monitors variations in regulations, ensures compliance with local rules, and oversees the implementation of the Group's tax policy, and in particular the transfer pricing policy and customs rules.

Within the Administration and Finance Division, the Corporate Finance Department protects the Group's financial assets. The Treasury and Financing Department centralises cash flows and the hedging of currency and interest rate risks. The department leads a network of treasurers in the Zones and countries, and applies the Group's financing policy.

The Financial Structure Department undertakes external growth transactions and monitors the financial structures of L'Oréal S.A. and its subsidiaries. The Business Opportunities for L'Oréal Development (BOLD) corporate venture fund, which makes minority investments in innovative products and companies, is also managed by the Corporate Finance Department.

Group standards

The Group has put in place accounting policies and standards that are consistent with IFRS, the consolidated accounting standards. All consolidated subsidiaries must apply these standards in order to provide uniform and reliable financial information.

The Operational Finance Department oversees the regular update of these Group standards, taking into account the variations in regulations and accounting principles.

These regulations define the principles required for harmonised accounting treatment of transactions, including the methods used to record balance sheet items and to identify and value off-balance sheet commitments. The Group's Accounting Department conducts the ongoing monitoring of any new accounting standards currently under preparation, in order to alert the General Management and anticipate their effects on the Group's financial statements.

Common to all subsidiaries, the chart of accounts, along with all the key accounting processes, provide the definitions and methodology for preparing the reporting required to draw up the financial statements.

The management standards describe the operational application of these rules. They give the valuation rules for some of the key balance sheet and income statement items and also stipulate the controls and checks applicable to the key processes.

The management standards are regularly supplemented and are thus part of the continuous improvement process. This aims to respond to the findings of the Internal Audit Department and to cover the accounting and financial risks of the subsidiaries. This work has made it possible to bring our approach more closely in line with the recommendations set out in the "Application Guide for Internal Control of accounting and financial information" of the French Financial Markets Authority (AMF) Reference Framework.

Organisation and security of information systems

The Operational Finance Department and the Global IT Department make joint decisions about the software suitable for the Group's financial and accounting requirements. At the level of information systems, the teams are strengthening the procedures for the separation of tasks and improved control of access rights. They have been offered tools to ensure that access rights comply with the Group's rules.

Management tools

The system for monthly reporting on economic indicators enables continuous, uniform monitoring of the performance of each subsidiary and ensures they are in line with the objectives set.

Used by all entities, this reporting and consolidation system ensures the consistency and reliability of figures at the level of each subsidiary through blocking controls that operate before the financial data is uploaded to Group level. In this regard, the operating profit and loss account by destination, which is common to both management and general accounting, contributes to strengthening the control of accounts in the financial statements, as a single reference framework is used.

The Group's organisation is based on reporting from each subsidiary that is provided directly by the countries to the parent company, L'Oréal, without any intermediate aggregates for the vast majority of the subsidiaries. This system optimises data transfer and the completeness of information and facilitates verification of data accuracy.

The Chief Executive Officer and Chief Financial Officer of each subsidiary make a joint commitment with regard to the quality, reliability and completeness of the accounting and financial information they have prepared and sent to the Group's Operational Finance Department, through a representation letter that they jointly sign.

Audit Committee

The role and tasks of the Audit Committee, as previously described, comply with European regulations and, in particular, Directive 2014/56/EU and EU regulation 537/2014 on statutory audits, and are based on the report by the working group on Audit Committees published by the AMF on 22 July 2010.

3.3.3. Processes used to prepare accounting and financial information

Operational processes contributing to accounting figures

Specific procedures for monitoring, and for validation, authorisation and accounting rules apply to the processes that populate the financial statements, such as sales, purchases, management of inventories and non-current assets, or payroll and cash management.

Closing of accounts, consolidation and management reporting information

The closing of accounts is governed by precise instructions and a detailed time schedule. These are circulated to all subsidiaries to make sure that deadlines are met and financial statements are prepared in a consistent manner. The Group has introduced two hard closings (anticipating the work involved in the closure of financial statements) in May and November to prepare in advance and speed up closing times.

For the preparation of consolidated financial statements, validation procedures apply at each stage of the process of reporting and processing information. In particular, they verify that inter-company transactions have been correctly adjusted and eliminated (these are reported on a monthly basis), consolidation transactions have been checked, accounting standards have been correctly applied, the consolidated published accounting and financial data have been harmonised and properly determined and the general accounting data and management data used in the preparation of the financial information are consistent.

Financial communication

Managers in charge of Financial Communication prepare a precise timetable for publication of up-to-date information on the Group to the financial markets. This timetable complies with the requirements of market authorities. These managers check with the Legal Department that communications comply with the required deadlines, laws and regulations.

They also have a role in ensuring that the publication of information provided by the Operational Finance Department is precise and accurate. All material information provided to the financial community reflects with truth and transparency the situation and business activities of the Group. Furthermore, all communications are made in accordance with the principle of equal provision of information to all shareholders.

The Statutory Auditors

All accounting and financial information prepared by consolidated subsidiaries is subject to a limited review at the time of the half-year closing process and to a full audit at year-end by the external auditors. Twice a year, the Chief Executive Officer and the Chief Financial Officer of the consolidated subsidiary make a joint commitment as to the fair presentation, reliability and completeness of the financial information by jointly signing a representation letter.

Audit assignments in the countries are almost all entrusted to members of the networks of the two Statutory Auditors who, after having jointly performed the review of all the Group's accounts and the manner in which they were prepared, are responsible for issuing an opinion on the Group's consolidated financial statements. The Statutory Auditors issue an opinion as to whether the consolidated financial statements and the parent company financial statements give a true and fair view. They are kept informed from the early stages of preparation of the financial statements and present an overview of their work to the Group's accounting and finance managers and to the Audit Committee at the time of the half-year and annual closings.

3.3.4. Insurance policy

The Group's general insurance policy

The insurance policy aims to provide the best protection for the Group's assets and people against the occurrence of major risks that could adversely affect it. The Group has implemented group insurance programmes (in particular for Property Damage & Business Interruption, Third-Party Liability, Cyber, Transport, Credit Insurance and Construction) that harmonise coverage and optimise insurance cover for all its subsidiaries throughout the world, except in countries where regulations prohibits this type of arrangement (see "Restrictions" below). Local programmes have been set up in the countries in which group programmes cannot be deployed. This policy is applied as follows:

- at corporate level, the Group negotiates the structure and warranties of the group insurance programmes to cover its main exposures, in accordance with the offering available on the insurance market;
- at a local level, local policies not re-insured by a group programme are deployed in coordination with the Group; and
- in all cases, the subsidiaries must have mandatory insurance cover in order to comply with local regulations.

The financial solvency of insurers is an important selection criterion for the Group. Furthermore, the insurance programmes subscribed by the Group mainly involve coinsurance between the various major players in the international insurance market.

Integrated group programmes

General civil liability: this worldwide programme subscribed for all Group subsidiaries (except where local Restrictions apply) includes, in particular, civil operational liability, product liability and damage to the environment that is sudden and accidental. It covers the financial consequences of the civil liability of Group entities, if they are liable.

Property damage and Business Interruption: this programme provides cover for fire, lightning, explosion, theft and natural events within the limits of the products available on the insurance market. The Group has set up a worldwide programme to cover all its property, chiefly non-current assets and inventories (except where Restrictions apply). This cover also includes a portion on business interruption directly resulting from covered property loss or damage. As the capacity of the insurance market is limited for certain risks, this programme includes sub-limits, particularly for natural events. Through its reinsurance subsidiary, the Group carries risk retention levels that are not material at consolidated level, and these are applicable over and above local deductible amounts. The offering includes site prevention inspections by specialist departments of the leading insurer.

Cyber: a cyber insurance policy provides financial cover for the consequences of IT-related risks, subject to exclusions and warranties available on the market. As it is a "multi-risk" policy, cyber risk insurance comprises several components.

Transport: the Group has set up an insurance programme to cover the transportation of all its products. Therefore, all subsidiaries benefit from appropriate and uniform cover for risks related to the Group's logistical operations (except where Restrictions apply).

Customer credit risk: Group subsidiaries must set up credit insurance, assisted by the Group and under the terms and conditions negotiated, in addition to their own credit management policy, provided that insurance cover compatible with their level of sales activity is available under financially acceptable conditions.

Buildings: the primary aim of the worldwide Buildings insurance programme is to standardise the conditions of cover for all projects, in all countries. It also makes it possible to disseminate a general Buildings insurance policy, centralised Corporate management and, lastly, warranty optimisation.

3.4. Vigilance Plan

3.4.1. Introduction

L'Oréal is built on strong Ethical Principles that guide its development: Integrity, Respect, Courage and Transparency. These Principles form the foundation of its policies on sustainability, corporate social responsibility, and philanthropy. L'Oréal promotes respect for all internationally recognised Human Rights and Fundamental Freedoms.

In line with the United Nations Guiding Principles on Business and Human Rights, L'Oréal's particular point of reference is the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural rights, and the Fundamental Conventions of the International Labour Organisation.

L'Oréal's Vigilance Plan (the "Plan") meets the obligations of the French law of 27 March 2017 on the duty of vigilance for French parent companies and order-giver companies. It contains reasonable due diligence measures intended to prevent the risk of serious adverse impacts on Human Rights and Fundamental Freedoms, health, as well as safety and the environment within the framework of a best efforts obligation. It applies to L'Oréal, the parent company of the Group, and to the subsidiaries controlled directly or indirectly by L'Oréal (the "Subsidiaries"), as defined by Article L. 233-16 of the French Commercial Code, and to suppliers and subcontractors with which the companies of the Group have a "permanent commercial relationship", that is, a direct, ongoing and stable commercial relationship based on the definition in French case law (the "Suppliers"), depending on the risk level as identified in the Plan. It is understood that in its own activities, L'Oréal complies with the rules and diligences contained in the Plan, even when L'Oréal is not expressly mentioned therein. The Plan contains the rules applied to prevent the risk of serious adverse impacts on Human Rights and Fundamental Freedoms, the health and safety of people and the environment resulting from the activities of L'Oréal, its Subsidiaries and Suppliers (see subsection 3.4.4.). It also includes reasonable measures for the effective application of these rules by L'Oréal, its Subsidiaries and Suppliers as well as regular assessment procedures to evaluate their compliance (see subsection 3.4.5.). It provides a whistleblowing mechanism and reporting system (see subsection 3.4.6.) and presents a report on the plan's implementation (see subsection 3.4.7.). The actions to support, encourage and prevent serious adverse Human Rights, Fundamental Freedoms, health, safety and the environment contained in the Plan constitute reasonable efforts to be implemented by Suppliers and Subsidiaries. Given the diversity of the businesses of the Subsidiaries and Suppliers, the Plan contains common measures for them.

In addition to these common measures, L'Oréal and its Subsidiaries voluntarily conduct additional actions on these same issues. These initiatives are described in other chapters, in particular chapter 4. Suppliers voluntarily conduct additional actions on these issues and L'Oréal encourages them to do so.

3.4.2. A continuous improvement process

As part of a continuous improvement process, the Plan is regularly reviewed by a committee composed of the Ethics, Risk and Compliance Department, the Operations Department (EHS, Purchasing), the Human Resources Department, the Corporate Social Responsibility Department and the Legal Department. It meets several times a year. Each of these representatives leads a local network (Ethics Correspondents, Environmental, Health and Safety, Purchasing, and Human Relations teams, managers from Internal Control, and Sustainability Leaders) around the world, making it possible to take into account feedback from the field when improving the Plan.

The Vigilance Plan was presented to internal stakeholders (such as the employee representatives in the context of the European Works Council *(Instance Européenne de Dialogue Social)* and qualified outside stakeholders (NGOs and members of civil society). The Audit Committee and the Board of Directors are informed each year of the update to the Plan's content. As part of the preparation for the Corporate Sustainability Reporting Directive (CSRD), the Group conducted double materiality analyses of the main sustainability risks, impacts and opportunities. These studies enabled the Group to continue its dialogue with experts and stakeholders on the potential impacts of its business activity, specifically on the environment and human rights (see section 4.1.).

3.4.3. General framework of risk analysis

The risks of serious impacts on Human Rights, the environment, health and safety, have been analysed on the basis of the business of L'Oréal, its Subsidiaries and its Suppliers. The risk analysis was used, first, in the definition of the applicable Rules and, second, to the measures for effective application and monitoring of these Rules.

L'Oréal's activity consists of production of cosmetic products and distribution of these products to the Group's clients.

1. Manufacturing of finished products

L'Oréal manufactures the vast majority of the finished products that it sells in its own factories, with a presence in the major growth markets. Its network of 37 factories is equipped with the very latest technologies and advances in automation and adapts constantly, and with agility, to incorporate acquisitions and embrace external innovations.

This network is completed by production subcontracting, to meet temporary demand peaks in the case of specific technologies (make-up pencils, soaps etc.). L'Oréal's contracts prohibit cascade subcontracting. L'Oréal's consent must be obtained by subcontractors, who need, as result of manufacturing constraints, to subcontract a portion of their L'Oréal production. When, in certain cases, the subcontractor is authorised to subcontract a portion of its production, the same rules as those defined in this Plan are applied to the subcontractors of the subcontractors. The same types of controls and sanctions are in place in the event of non–compliance.

In order to execute their production, L'Oréal's factories purchase different raw materials, filling and packaging articles and equipment from third-party suppliers. These suppliers have specific expertise, develop their products and have the infrastructures necessary for their production. They act with complete independence from L'Oréal, without depending on L'Oréal's instructions or expertise.

The manufacture of filling and packaging articles is not part of L'Oréal's activity[1]. The filling and packaging articles used are purchased from companies specialising in this area. The same is true for the production equipment.

2. Product distribution

Products are distributed by the Subsidiaries and independent third-party distributors in the countries or regions where the Subsidiaries are not present. In order to ensure this distribution, warehouses are operated by the Subsidiaries directly, or these services are entrusted to third-party logistics service providers that render services on the same type of activity: storage and preparation of orders in warehouses that they lease or own.

3.4.4. Applicable rules resulting from the risk analysis

The Subsidiaries and Suppliers must comply with the applicable local legislation and the minimum common core of the rules listed below (the "Applicable Rules") in order to prevent the risk of serious adverse impacts on Human Rights and fundamental freedoms, health and safety of people and the environment. When local laws and/or the internal rules of Subsidiaries and Suppliers provide more stringent standards than the Applicable Rules, such standards must take precedence. If, however, the Applicable Rules provide for stricter standards, the Applicable Rules take precedence unless they result in an unlawful activity. In the event of contradictions between local laws and internationally recognised Human Rights, L'Oréal works to comply with these international standards.

3.4.4.1. Risks and Applicable Rules for the prevention of serious violations of Human Rights and Fundamental Freedoms

Risk Analysis and risks identified relating to Human Rights and fundamental freedoms

The Group expanded its mapping by identifying the potential key Human Rights risks worldwide and in all markets. L'Oréal relied on the reporting framework of the Guiding Principles on Business and Human Rights (UNGP Reporting Framework). This identification process takes into consideration the severity, scale and remediability, as well as the likelihood of its impacts for people throughout its value chain. This study was conducted with an NGO specialised in the area, providing an independent analysis, and was reviewed by different external stakeholders. As a result of this analysis, the following salient risks were identified in the context of the application of the French Law on Duty of Vigilance:

- child labour among the employees of the Group's Suppliers;
- forced labour among the employees of the Group's Suppliers;
- job discrimination because of gender, age, disability, gender identity and sexual orientation of the employees of L'Oréal and the employees of the Group's Suppliers;
- a lack of decent living wage[2] for the employees of the Group's Suppliers; and
- a lack of workervoice mechanisms for social dialogue, freedom of association and collective bargaining among the employees of the Group's Suppliers.

Other potential risks identified concern respect for the environment, the right to access water, consideration of Human Rights in the choice of raw materials and, in particular, respect for free, prior and informed consent of indigenous peoples.

Applicable rules on Human Rights

Subsidiaries and Suppliers must comply with the minimum core rules, which consist of the following rules that result from an analysis of the risks related to the business activities of the Group and its Suppliers.

Non-discrimination: Acts of discrimination are serious violations of Human Rights that remain anchored in all regions of the world in which L'Oréal is present. Discrimination related to gender, sexual orientation and gender identity, disabilities, family situation, age, political and philosophical opinions, religious beliefs, union activities, or related to ethnic, social, cultural or national origins or pregnancy are prohibited. L'Oréal bans pregnancy testing when employees are hired within the Group, and requires its Suppliers to comply with this standard.

Bullying and sexual harassment: Bullying and sexual harassment are prohibited in the Group.

Child labour: L'Oréal's presence in certain regions of the world that are particularly at risk for child labour, including Asia and Latin America, has led the Group to identify this issue as a priority. To take into consideration the vulnerability of young workers, L'Oréal has set the minimum hiring age at 16 years old. L'Oréal prohibits night work and work hazardous to health and safety for employees younger than 18 in its Subsidiaries.

(1) With the exception of one production unit in the Turkey factory.
(2) Definition of decent living wage in paragraph 4.3.2.5

Forced or compulsory labour: L'Oréal refers to the definition of forced labour set out in Convention 29 of the International Labour Organization: "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily". In certain regions of the world where L'Oréal operates, certain practices that violate internationally recognised Human Rights, such as holding the identity papers of migrant workers, are common. Any form of forced labour is prohibited. As a result:

- unless there is a legal obligation, employees' identity papers, passports or any other personal documents may not be held from them. In the event of a legal obligation, these documents must be returned to employees at their first request;
- employees may not be asked to pay for recruitment costs or to make cash deposits to obtain employment;
- if workers from foreign regions are hired, the employer must pay the costs related to these hires;
- the use of prison labour is possible only when it is voluntary within the scope of a professional reinsertion programme, and paid at the market rate. Suppliers must request authorisation from L'Oréal before they use this type of labour;
- security personnel must only ensure the safety of people and property; and
- any salary withholding must be strictly authorised by law. It may not under any circumstances be used for the purpose of confiscation, for the direct or indirect benefit of the employer.

Employees must have access to drinking water and toilet facilities. They must be free to move around their place of work, with the exception of areas to which access is restricted for confidentiality or safety reasons.

Working hours: Working hours, including overtime, may not exceed 60 hours a week for employees whose working time is monitored. All employees must also be granted at least one day of rest for every seven-day period, or two consecutive days of rest for every fourteen-day period. They must have reasonable breaks when they work.

Freedom of association and right to collective bargaining: Violations of freedom of association and the right to collective bargaining, such as discrimination against employee representatives, may occur in all regions of the world in which L'Oréal operates. Employees' freedom of association and right to collective bargaining must be respected:

- elections of employee representatives must take place without interference from the employer, preferably by secret ballot;
- employee representatives have access to the work premises subject to safety and/or confidentiality requirements, if any; and
- discrimination against employees conducting union activities is prohibited.

In regions where freedom of association and the right to collective bargaining are limited or discouraged, L'Oréal authorises its employees to meet independently in order to discuss their professional concerns.

Additional actions for Human Rights

In addition to the action taken as a result of the risk analysis conducted on the business activities of the Group and its Suppliers, L'Oréal conducts initiatives in addition to those implemented under the French law on Duty of Vigilance. These are described in chapter 4.

For example, L'Oréal set up actions with the aim to improve the working conditions of the Indian communities whose livelihood depends on the mineral mica. Since 2017, L'Oréal has been one of the 20 founding members of the Responsible Mica Initiative (RMI). This year, the RMI has 97 members. The RMI has three goals:

- implement standards on the responsible workplace on 100% of the supply chains of its members for mica from Bihar and Jharkhand (standards on employment, health, safety in the workplace, the environment and non-use of child labour);
- support the abilities of communities through an inclusive programme that improves the standard of living and generates additional sources of income; and
- establish a legal framework and related control systems with mica pickers, processing units, and mica operators in Bihar and Jharkhand.

L'Oréal also participates in the development of the RMI audit standard in order to facilitate member collaboration and effectively deploy the collective actions necessary in cooperation with local authorities. L'Oréal also supports the establishment of a price calculated using the living wage[1] approach in addition to diversified income contributing to a more resilient living conditions.

L'Oréal requires its Suppliers to have their own due diligence processes in place as regards their own scope of supply of Indian mica. In 2022, 99% of Indian mica used in the Group's formulas came from suppliers committed to obtaining their supply from verified sources.

The Group has set up two ambitious programmes aimed at improving working conditions for the employees and communities our suppliers use: the *Living Wage and Inclusive Sourcing* programmes.

The Living Wage programme

In 2023, L'Oréal was awarded the Living Wage Employer accreditation by Fair Wage Network, an international NGO, in recognition of its worldwide status as a committed Living Wage Employer.

In line with its commitment to fair pay for all of its employees, L'Oréal for the Future aims to ensure that, by 2030, all employees of L'Oréal's strategic suppliers will be paid at least a living wage, in line with best practices.

In order to roll out this approach to its strategic suppliers, L'Oréal initiates dialogue, works together and establishes common strategic frameworks, in collaboration with partners within its supply chains, other companies, civil society, governments etc.

(1) *Definition of decent living wage in paragraph 4.3.2.5*

In 2023, L'Oréal launched a programme aimed at explaining the principle of a living wage to its strategic suppliers and sharing information on the adoption of a living wage approach. The programme consists of a series of meetings over several months with a group of suppliers, the Fair Wage Network and L'Oréal in attendance. The purpose of these meetings was to discuss the strategy and methodology, as well as to hear from the suppliers that were furthest forward in the process. This encourages companies to share best practices and any difficulties. The suppliers are invited to make commitments via a *living wage pledge.*

In 2023, more than 115 suppliers benefitted from individual support and more than 50 suppliers pledged to be compliant by 2030.

The Inclusive Sourcing programme[(1)]

Through its Inclusive Sourcing programme, established in 2010, due to its many industrial and administrative sites all over the world, L'Oréal is heavily involved in the life of local communities and in the areas neighbouring its sites and suppliers.

The programme aims to use the Group's purchasing power to serve social inclusion by dedicating part of its purchases to suppliers providing access to work and a sustainable income for people who are generally excluded from the labour market, economically vulnerable communities, including small businesses and those that have trouble accessing major contractors.

The programme concerns all the Group's suppliers and values their commitment to Diversity, Equity and Inclusion. The Inclusive Sourcing programme concerns, for example: fair trade producers, companies which employ people with disabilities, social insertion enterprises, or companies owned by minorities[(2)] (when this is permitted by national legislation).

Inclusive Sourcing helps to achieve L'Oréal's goal of enabling 100,000 additional people who are socially or economically vulnerable to access employment by 2030.

Measures to improve the working conditions of beauty advisors

L'Oréal works with beauty advisors to promote its products at points of sale. Depending on the markets, they may be L'Oréal employees, distributor employees or employees hired through temporary employment agencies. Predominantly women, these advisors are in direct contact with consumers and may sometimes be faced with consumer or management behaviour that does not reflect L'Oréal's values. To improve their access to reporting tools, the Group has launched pilot projects in three markets.

For example, a mobile phone survey tool has been deployed for all beauty advisors employed by a temporary employment agency as part of a pilot in a Group country. This revealed human rights issues, concerning working conditions, employment contracts and harassment, in particular. These topics were addressed in a dedicated action plan that included measures to improve contracts and to train beauty advisors, distributors and employers of these advisors on violence against women.

Other similar feedback tool projects are being considered, as the ultimate goal is to increase the coverage of this at-risk population.

3.4.4.2. Risks and Applicable Rules to prevent serious adverse impacts on Safety and Health in the workplace and the Environment

Analysis of Risks to Safety and Health in the workplace and the Environment

The risk analysis covers generic risks related to industrial activities and specific risks related to Suppliers' and Subsidiaries' own business activities.

Generic risk analysis process

As is the case for any production (manufacturing and packing), distribution, research and general administration operations, the Group and its Suppliers are exposed to safety and environmental challenges.

Based on the risk prevention work on the Environment, Health and Safety at the workplace carried out by L'Oréal for many years, the major risks below have been identified. On this basis, the Subsidiaries and Suppliers must define at each of their sites, the measures designed to prevent the risks identified in the Plan (the "Prevention System").

Specific risk analysis process for Subsidiaries

The Subsidiaries conduct their own risk analysis based on the list of risks set out below, particularly the fire risk is controlled by very strict fire prevention standards (such as those issued by the National Fire Protection Association).

In addition to the generic risks, the Subsidiaries identify the specific risks related in particular to cosmetics production. For example, the physical risks are the subject of SHAP (Safety Hazards Assessment Procedure) studies, which identify the dangers, generally and for each workstation, assess the risks and allow the implementation of the necessary means of control. Environmental risks are also analysed to assess the nature of the aspects and impacts of a site's activities on its environment and to control any that lead to potentially serious impacts for the air, soil, water, biodiversity and resources.

This environmental analysis is updated regularly by each of the Group Subsidiaries' sites and whenever a significant change takes place. If significant risks are identified or if L'Oréal's standards or regulations impose specific requirements, a more detailed evaluation is carried out for the activities concerned. Appropriate action plans – with immediate action where necessary – are implemented to reduce significant risks to an acceptable level.

With regard to water discharge, each industrial site has implemented a self-monitoring system representative of the wastewater discharged[(3)]. This self-monitoring is a tool for detecting risks of exceeding regulatory thresholds that helps to anticipate any non-conformities and initiate corrective actions. A total of 30 L'Oréal factories have their own wastewater treatment plant. L'Oréal is continuing with the installation of these plants.

(1) *Previously called the Solidarity Sourcing programme.*
(2) *As part of the Inclusive Sourcing programme, L'Oréal supports suppliers who give access to employment to minorities recognised by the government standards of the country.*
(3) *Monitoring of regulated and contractual parameters: chemical oxygen demand (COD), biochemical oxygen demand (BOD) etc.*

The process safety risks are analysed using the HAZOP (HAZard and OPerability analysis) guide. This method focuses on operating conditions, or FMECA[1], which analyses risks related to failures in the process at the different steps in production.

The results and means of controlling industrial and specific risks are summarised in the GHAP (Global Hazard Assessment Procedure) programme.

Specific risk analysis process for Suppliers

In addition to their own risk analysis, Suppliers rely, at the very least, on the risks listed in the audit grid provided by L'Oréal when the Letter of Mutual Ethical Commitment is signed (see subparagraph 4.3.1.2.1.) to implement the appropriate prevention measures at each affected site. This grid was prepared in accordance with the list of the major risks described below and is applied during referencing and follow-up audits.

If the specific nature of the Suppliers' activity requires identification of specific risks and/or additional prevention measures, the Suppliers are required to roll out these additional measures in accordance with best practices in their industry.

For example, in the subcontracting of finished products activity, specific risks may involve (i) the use of certain raw materials, (ii) wastewater treatment, (iii) the use of machines or electrical equipment in processing or storage areas, and (iv) handling techniques that may cause personal injury, in particular.

In the specific case of subcontracting suppliers of aerosol production or storage, bleaching powders, flammable products, the sites are subject to specific risks analyses concerning process safety.

Risks identified in the Environment, Health and Safety in the workplace

Risks of serious adverse impacts to Health and Safety in the workplace

(i) Risks associated with buildings and the use of equipment:

- soundness of buildings (construction and interior fittings, including the compliance of equipment with operating authorisations and building permits issued by local authorities in compliance with the applicable legislation and, in any event, adaptation to the activity for which the buildings are intended);
- use of motorised forklift trucks and Automatic Guided Vehicles (AGV): risks caused by interactions and interference between forklift trucks, AGVs and pedestrians; and
- injuries caused by interactions between humans and machines: risks related to access to the moving parts of work equipment.

(ii) Risks related to energy sources, matter and materials:

- exposure to energy sources, fluids and hazardous emissions including electricity, high pressure, steam, vapour, hot water and high temperatures;
- fires resulting, notably, from flammable products and materials or electrical equipment;
- exposure to hazardous dust and chemical products: by inhalation, ingestion or skin contact; and
- exposure to high noise levels.

(iii) Risks related to human activities:

- entry in confined spaces and/or the risk of anoxia;
- isolated work: risks associated with working alone for long periods of time;
- slipping and falls;
- ergonomics of workstations related to load handling;
- construction works (risks during construction activities); and
- work at heights (risk of falls associated with the use of ladders and step stools, access to and work on platforms and roofs, use of lift tables and scaffolding etc.).

Environmental risks

The risks of serious damage to the environment are those associated with the consumption of resources or that could cause damage to soils, water, air and biodiversity (habitats and species) in the context of normal operation or the occurrence of an incident at a site of the Subsidiaries or Suppliers:

- gradual or accidental pollution; and
- pollution during the transport of hazardous materials.

Applicable rules to prevent risks of serious adverse impacts on Safety and Health in the workplace and the Environment

EHS Guidelines

The Group's Environment, Health and Safety (EHS) policy aims to minimise the impact on the environment and guarantee the health and safety of the employees of its Subsidiaries and Suppliers, its customers and the communities in which L'Oréal carries out its activities. For the Subsidiaries, this policy is built on an EHS management system composed of standards with stringent requirements that set the principles of L'Oréal's EHS policy, which is all included in the EHS guidelines.

Additional Environment, Health and Safety in the workplace actions

In addition to the action taken as a result of the risk analysis conducted on the business activities of the Group and its Suppliers, L'Oréal conducts Environmental Health and Safety in the Workplace initiatives in addition to those implemented under the French law on Duty of Vigilance. These are described in chapter 4.

L'Oréal's commitment to Environment, Health and Safety in the workplace is supported at the highest level of the Company by its Chief Executive Officer who renews L'Oréal's commitment to the United Nations Global Compact each year.

For example, this includes the following additional actions and commitments:

- in 2015, L'Oréal was one of 100 leading companies to join the Science Based Targets programme;

(1) *Failure Mode, Effects and Criticality Analysis.*

- in 2018, L'Oréal became a partner of the Ellen MacArthur Foundation: with *Act4Nature*, in the context of individual commitments, L'Oréal set biodiversity objectives for 2030;
- in 2019, L'Oréal was one of the first companies to sign the Business Ambition for 1.5°C pledge of the UN Global Compact, thereby committing to reach "net zero emissions" by 2050 over its entire value chain, in accordance with the 1.5°C path of the IPCC; and
- in 2020, L'Oréal became a signatory of the TCFD.

(i) Additional actions intended for Sites of Subsidiaries

At its own sites, L'Oréal implements the LIFE (Life threatening Incident or Fatality Event) programme, which covers activities on all its sites that, if not controlled, could result in potentially serious injury and illness. The Group extends the ambition of moving towards "zero accidents" by ensuring the sustainability of actions and defining post-incident emergency preparedness requirements.

The Sharing Beauty with All programme has helped to reduce the environmental footprint of the Group's sites: between 2005 and 2020, our factories and distribution centres reduced their CO_2 emissions by -81% (in absolute value), their water withdrawal by -49%[1], and their waste generation by -37%[1].

The commitments made by the Group for 2030 as part of its L'Oréal for the Future programme are aimed at ensuring compatibility of the Group's activities with a planet that has limited resources[2]. The main environmental objectives of the programme concerning Subsidiaries are as follows:

- Climate: by 2025, reach 100% renewable energy at all operated sites[3]. L'Oréal is also committed to halving the transport footprint of its products by 2030;
- Water: in 2030, 100% of the water used in our industrial processes will be recycled and reused;
- Biodiversity: by 2030, all of our operated buildings and all industrial sites will have a positive impact on biodiversity compared to 2019. A methodology for monitoring the Biodiversity commitment was developed in 2021 and rolled out to all of the Group's sites in 2022. Becoming "biodiversity net positive" is achieved by meeting two conditions: the first is improving the potential for hosting biodiversity on the Group's sites, the second concerns developing the biodiversity culture of employees; and
- Natural resources: by 2030, 100% of the waste generated in our operated sites will be recycled or reused. L'Oréal is also committed to no longer send waste to landfills.

These objectives are accompanied by monthly reporting of detailed indicators used to monitor variations in results in each of these areas and to identify potential anomalies and incidents. This reporting is also accompanied by an annual programme to coordinate environmental projects, running until 2030, which allows objectives to be set at site level. These projects are evaluated and prioritised in order to ensure that the L'Oréal for the Future objectives are reached. The objectives, which are defined annually and linked to the monthly reporting, make it possible to assess the performance of each site, country and zone. A summary of the results obtained is provided in subsection 3.4.7.

The Group is engaged in a process of continuous improvement of its EHS performance through a programme to achieve ISO certification for its operated sites, in order to anchor the EHS policy in the long term: ISO 45001 for the management of employee health and safety and improvement in their working conditions; ISO 14001 for the management of environmental impacts and improvement in environmental performance; and ISO 50001 for energy management and energy performance improvement.

"Culture" audits are conducted by internal EHS specialists to assess the degree to which EHS culture has been rolled out to all Subsidiary employees. The results of these audits provide information on the level of knowledge of EHS management tools and the maturity of audited sites with regard to the safety and environment culture at all levels of the hierarchy.

Regular checks are carried out at sites operated by the Group to ensure that cooling gas, which is used for the production of cold (e.g. refrigeration units) and heat (e.g. heat pumps), have not leaked. A risk reduction strategy has been implemented following a comprehensive inventory of facilities that use cooling gas at sites. It is based on two pillars: detecting and managing leaks and replacing traditional cooling gases with alternative cooling gases with low global warming potential (or GWP).

Detailed information on these additional actions is available in chapter 4.

(ii) Additional actions intended for Suppliers

The Purchasing teams select the most competitive suppliers and in accordance with the responsible purchasing policy. Suppliers' EHS assessment is managed by monitoring indicators included in the corporate social responsibility criterion, which is one of the five criteria for monitoring supplier performance.

As part of the L'Oréal for the Future programme, launched in 2020 with targets for 2030, the Group has broadened its environmental commitments to its suppliers. The main environmental objectives of the programme concerning suppliers or those that may be related to their business activity are therefore as follows:

- Climate: by 2030, strategic suppliers will reduce their direct greenhouse gas emissions (scopes 1 and 2) by 50% in absolute terms compared to 2016.

  The Group has defined a methodology to engage suppliers based on their emissions contributions and to manage their emissions performance with them.

  This methodology, which is being gradually implemented, is based on:

  - their commitment to CDP Supply Chain;
  - their emissions contributions;
  - the reliability of their reported data, which is checked by monitoring the verification conducted by a third party;
  - the adoption of ambitious targets and the launch of associated action plans; and
  - the alignment of their trajectory with the Science Based Targets initiative.

(1) *Per unit of finished product.*
(2) *See chapter 4 and the summary table in 1.4.2.*
(3) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data".*

- Water: by 2030, all strategic suppliers will use water responsibly in the areas where they operate.
- Biodiversity:
  - by 2030, 100% of the biobased ingredients for the Group's formulas and packaging materials will be traceable and will come from sustainable sources, with none linked to deforestation; and
  - by 2030, the footprint on the ecosystems vital to the sourcing of its ingredients will be maintained at 2019 levels.
- Sustainable sourcing of raw materials:

For the palm oil and its by-products segment, for which specific "Zero deforestation" status was achieved at the end of 2020, 100% of the supplies were covered by action plans with the suppliers concerned. L'Oréal developed the Sustainable Palm Index (SPI), a tool to evaluate and select suppliers of palm oil and palm kernel derivatives to assess the level of commitment, progress and achievements of its direct suppliers in favour of sustainable palm oil. This tool is used annually to evaluate suppliers' progress towards the Zero Deforestation objective and their level of compliance with the Group's requirements.

At the end of 2021, the Group conducted a regional analysis of the Human Rights risk in Indonesia, one of the world's leading producers. This analysis confirmed that Human Rights violations largely coincide with the areas that are most at risk of deforestation. In 2023, three human rights assessments were conducted on the ground at palm oil plantations in Indonesia, following a specific approach to take into account gender violence. Action plans were implemented at the plantations where practices were identified as non-compliant (mainly discrimination, recruitment and employment contracts).

The specific feature of the SPI lies in its integration in the purchasing decision process. A supplier in compliance with the SPI will benefit from an allocation of volumes, long-term contracts, and will be favoured in the context of partnerships in land projects.

In 2019, L'Oréal co-founded the collective Action for Sustainable Derivatives initiative in order to share knowledge and methods with other operators to encourage the production and responsible supply of palm oil derivatives. L'Oréal is committed to managing, preserving and rehabilitating forests, prioritising forestry ecosystems that are of primary strategic interest to the Group. The Group has drawn up a Forestry Policy for 2030, which enshrines its ambition and sets out the objectives associated with the sustainable supply of forest-based materials.

L'Oréal ensures compliance among its direct and indirect suppliers by applying due diligence procedures, including a geospatial monitoring tool, community monitoring and checks conducted by a third party. Nusantara Atlas is used to carry out risk assessments at province and district level, and the Global Forest Watch Palm Risk Tool is used to conduct them at plant level. Since 2019, L'Oréal has been working with the Zoological Society of London (ZSL) and Transitions to develop a new add-on for the SPOTT platform to assess the level to which mills and refineries comply with the NDPE (No Deforestation, No Peat, and No Exploitation) principles[1]. For its projects involving small operators in Indonesia, L'Oréal uses specific deforestation surveillance systems to ensure compliance with NDPE. Furthermore, L'Oréal continually monitors complaints made throughout its supply chain using a "palm alert procedure".

Faced with an identified human rights risk, L'Oréal joined the "Harvesting the Future" project launched by the Fair Labor Association, which was extended in January 2023 to cover the rose sector in Turkey for an initial period of two years until December 2024. The project aims to improve working conditions and respect for human rights in the rose sector in Turkey, focusing on empowering seasonal agricultural workers and their families.

The project brings together various stakeholders, including the Turkish government, civil society organisations, processors, producers and companies in the beauty and fragrance sector, in order to support and empower these companies in establishing a human rights vigilance system in their supply chains. It also strengthens the relationship with local stakeholders.

For other streams of renewable raw materials, which represent 22% of the portfolio of renewable raw materials in volume and 87% in number, L'Oréal has defined "sustainable sourcing challenges" indicators to assess the sustainability of renewable raw material streams. These indicators were defined using environmental, social and economic indicators from external databases[2].

These indicators are consolidated within the SCAN (Sustainable Characterisation) index, allowing the Group to prioritise the implementation of its sustainable sourcing action plans. The Group updates the information collected regularly. 70% of the volume of raw materials that the SCAN index has identified as representing sustainable sourcing challenges (i.e. 60% of the number of raw materials) are already the subject of plans or improvement initiatives with the relevant suppliers to ensure sustainable supply. The goal is for 100% of the Group's renewable raw materials to come from sustainable sources.

To achieve this, L'Oréal launched a support and learning programme for more than 200 suppliers on the issues of sustainable sourcing of raw materials in order to guarantee the traceability of the raw materials delivered to L'Oréal and ensure the associated streams are secure. Depending on the level of environmental and/or social risk identified on these streams, suppliers are asked to deploy the field audit procedure for producers (88 indicators). This procedure was developed by L'Oréal with the support of the Rainforest Alliance NGO and reviewed in 2019 by EcoCert, The Biodiversity Consultancy and The Danish Institute for Human Rights. They are also invited to rely on sustainable sourcing certifications adapted to the challenges of their streams (Fair Trade, Sustainable Agricultural Network, Organic etc.).

(1) The content of these principles is described in full at the following web address: https://palmoilalliance.eu/ndpe-commitment
(2) The UNDP's IHDI, the EPI from Yale University, and the Verisk Maplecroft Country Index.

- Plastics and advertising displays:
  - by 2030, 100% of the Group's plastic packaging will be recycled or bio-sourced (target of 50% by 2025);
  - by 2025, 100% of the Group's plastic packaging will be refillable, reusable, recyclable or compostable; and
  - by 2025, 100% of the Group's advertising displays at points of sale will be eco-designed, taking into account the principles of the circular economy for managing their end of life.

L'Oréal has taken strong action in the following areas to reduce its overall plastic footprint: (1) packaging, (2) microplastics in the formulas of its products, (3) POS furniture, (4) transport and (5) plastic waste generated by its factories and warehouses.

In addition to ecodesign measures carried out by research laboratories, Operations teams and brands, this commitment requires the involvement of a range of stakeholders (companies located at different levels of the value chain, research institutions and public authorities).

In order to reduce its plastic footprint, L'Oréal has adopted a strategy known as the "3Rs":

- reduce the quantity of plastic;
- replace fossil-based plastics with other materials that have less of an impact on the environment; and
- recycle by developing recyclable packaging and increasing the use of recycled plastic.

To do this, L'Oréal takes action at the design level of its products and develops circular economy measures that respect the environment and social rights.

Its approach to reducing the plastic content in packaging is based on the following pillars:

1. reducing the intensity of packaging used by the Group, particularly plastic packaging;
2. replacing fossil-based plastics with other materials that have less of an impact on the environment, such as shampoo bars and composite packaging; and
3. promoting reuse (solutions must be analysed with regard to their overall environmental impact and the packaging life cycle as a whole and must be compatible with health protection and the proper conservation of products).

In addition to reducing its use of plastics, L'Oréal wants to reduce the environmental impact of the remaining plastics it uses by means of recycling. Recycling helps to reduce CO_2 emissions associated with the production of virgin plastic and to improve waste management by preventing litter, as plastics are collected and sorted for recycling. To this end, L'Oréal promotes the implementation of Extended Producer Responsibility (EPR) initiatives in countries in which this sector is underdeveloped.

L'Oréal has had a health and safety policy for the materials used in its packaging for 20 years. It specifies the conditions for acceptance or rejection of substances that may be present in our packaging, regardless of the material. This policy is updated annually in line with regulatory developments and scientific progress, and each supplier agrees to fully comply with regard to the packaging used in the Group's products. Quality auditing is carried out to ensure compliance.

The Group has begun working on this value chain, particularly with suppliers of plastic packaging and recycled plastics, by involving them in analysing and mitigating upstream social risks. All recycled plastic producers used by the Group's packaging suppliers undertake to comply with the Group's standards and commit to this by signing the Letter of Mutual Ethical Commitment. A social audit is carried out at each recycled plastic supplier factory located in a high-risk country. A conforming social audit is a prerequisite for any commercial relationship between recycled plastic suppliers and the Group's plastic packaging suppliers. Conscious of the fact that transforming the sector requires the cooperation of all of its stakeholders, including suppliers of plastic packaging, recycled plastics and other end products, the Group maintains an active dialogue with numerous stakeholders in order to shift the industry towards responsible sourcing.

Once sources have been analysed, social audits are conducted at recycling sites based in high-risk countries in accordance with the Group's social audit procedure.

A €50 million impact fund (the Circular Innovation Fund) is dedicated to waste management and the circular economy as part of the L'Oréal for the Future commitments.

- Commitment of suppliers to self-assess and move forward with action plans through CDP.

L'Oréal actively works with its suppliers to help them improve their performance in terms of sustainability.

In 2007, L'Oréal joined CDP supply chain programme for greater transparency in the actions of its suppliers and to monitor the progress made in relation to L'Oréal's objectives. In 2014, participation in CDP Climate programme was made compulsory by L'Oréal for all strategic suppliers. The aim is to measure and report their emissions, set targets for reducing these emissions and communicate their action plans to achieve this objective successfully. In 2023, 95% of strategic suppliers completed the climate questionnaire. 76% of selected suppliers completed the water questionnaire and 73% of those selected for the sustainable management of forestry questionnaire responded.

- Supplier commitment to self-assess and improve with corrective actions recommended by EcoVadis: By participating in the EcoVadis assessment, L'Oréal compares its environmental and social policy with the expertise and the recommendations of external auditors qualified in the analysis of multi-sector risks. This is a useful rating for the continuous improvement of suppliers and it also contributes to the transparency of industry practices. This assessment is used to select suppliers by taking their environmental and social performance into consideration. 95% of strategic suppliers were evaluated by EcoVadis.

3.4.5. Effective application and compliance with the Plan

The Plan includes effective application measures intended to ensure the correct implementation of the Applicable Rules by the Subsidiaries and Suppliers. Monitoring of compliance with the Plan is carried out through audits and analyses performed by external service providers or by Group teams. The Subsidiaries and Suppliers are asked to carry out self-assessments.

3.4.5.1. Effective application of the Plan

Adoption of Applicable Rules

(i) Adoption of Applicable Rules by Subsidiaries

The effective implementation of Applicable Rules by Subsidiaries is achieved through their incorporation in the Group's Internal Rules. For this purpose, compliance with the effective application of the Plan is based on control activities in accordance with the applicable legislation. The communication of Applicable Rules to Group employees is described below. Social audits are conducted at the Group subsidiaries' industrial sites by a third-party company for the purpose of verifying that the Applicable Rules are implemented correctly.

(ii) Adoption of the Applicable Rules by Suppliers

Suppliers undertake to comply with the Applicable Rules. The principal Suppliers sign the Letter of Ethical Commitment that covers these applicable Rules. Moreover, the Suppliers that could present the most significant risks because of their activity or geographic location may be audited on these issues in accordance with the Risk Matrix. The contents of the points that will be audited is set forth in the letter.

Governance

L'Oréal's commitment to Human Rights and Fundamental Freedoms, the health and safety of people in the workplace and the environment is supported at the highest level of the Company by its Chief Executive Officer who renews L'Oréal's commitment to the United Nations Global Compact each year. These commitments are also set out in the Group's Code of Ethics and the Human Rights and Employee Human Rights Policy.

(i) Human Rights and Fundamental Freedoms governance

The Chief Corporate Responsibility Officer, a member of the Executive Committee, is responsible for overseeing the respect of Human Rights and fundamental freedoms in the Group. This mission has been entrusted to her by L'Oréal's Chief Executive Officer, to whom she reports.

The Chief Corporate Responsibility Officer has a budget and a dedicated team of Human Rights experts. She relies on all the Group's teams and resources to carry out her work.

A dedicated network of Human Rights Correspondents covering all of the Group's markets allows the Group's commitments in terms of Human Rights to be rolled out.

The Human Rights Committee, chaired by the Chief Corporate Responsibility Officer and composed of representatives of the various activities, functions and geographic areas (including Purchasing, HR, CSR, Safety, Security etc.), allows coordination and exchange on the implementation of the Group's Human Rights policy. Its primary objective is to enable the emergence of a Human Rights culture within the Group.

Country Managers (or, for Corporate or Zone staff, the members of the Group's Executive Committee to whom they report) are responsible for ensuring compliance with Human Rights and fundamental freedoms.

The Human Relations teams are responsible for ensuring that the activities of the Subsidiaries respect employees' Human Rights and fundamental freedoms.

Employees may contact their manager, their Human Relations Director, their Legal Director, their Purchasing Director, their Human Rights Correspondent, their Ethics Correspondent and, ultimately, the Chief Ethics, Risk and Compliance Officer if they have any questions about compliance with the Applicable Rules

The Purchasing teams ensure that Supplier activities respect Human Rights and fundamental freedoms. Suppliers included in the Risk Matrix are not listed in L'Oréal's Supplier database until they have contractually committed to comply with the Applicable Rules. Purchasing teams discuss, during Management Committee meetings that include representatives from all Zones and purchasing areas, the results of audits, their consequences for commercial relations, and the related actions plans to achieve continuous improvement of results at the Group's Suppliers.

(ii) Environment, Health and Safety in the workplace governance

The Chief Operations Officer, reporting to the Chief Executive Officer and a member of the Executive Committee, is responsible for the general policy to prevent serious adverse impacts on the environment, and health and safety. The implementation of this policy is the responsibility of the Group's Subsidiaries and Group Sites. The Chief Operations Officer is supported by and delegates the deployment and monitoring of the policy to:

- factory and distribution centre Directors who are responsible for the deployment and effective implementation of the policies defined by the Group. Their remuneration is partly linked to their performance in the areas of the environment, health and safety in the workplace;
- EHS managers who are trained and dedicated to compliance with the EHS policy. They are responsible for deploying the rules, procedures and associated performance objectives of the Group in all of its entities; and
- country Operations Directors who are responsible for compliance with the EHS policy by the distribution centres, the administrative Sites and stores in their country.

The Purchasing teams are responsible for collecting confirmation of acceptance of Applicable Rules from the Suppliers via the Letter of Ethical Commitment.

They use audits carried out by third-party companies to ensure that Suppliers included in the Risk Matrix implement the prevention measures for EHS risks. As for Human Rights, the Purchasing teams discuss, during Management Committee meetings that include representatives from all Zones and purchasing areas, the results of audits, their consequences for commercial relations, and the related actions plans to achieve continuous improvement of results at the Group's Suppliers.

Communication and learning

Communication of the Applicable Rules and training of the teams involved supplement and support the effective application of the measures set out in the Plan by L'Oréal's Subsidiaries and Suppliers.

(i) Communication on Human Rights and Fundamental Freedoms

Human Relations teams are informed of the Applicable Rules by their line manager.

All new Group employees must receive a hard or electronic copy of the Group's Code of Ethics and must confirm that they have read it. Employees must be reminded of the Code of Ethics and its contents on a regular basis. Any employee in contact with Suppliers must receive the "The Way We Work with our Suppliers" guide when they are hired. It explains ethical standards that apply to Supplier relations.

An internal Ethics website is available to employees.

An annual Ethics Day, including Human Rights, has been held since 2009. This day enables employees to discuss matters such as respect for Human Rights and fundamental freedoms via a livestream with L'Oréal's Chief Executive Officer and the other members of the Executive Committee. Discussions on ethics are also organised in the Subsidiaries to let employees exchange conversations with their Subsidiary's General Manager.

In 2023, over 37,000 people logged on to Ethics Day sessions and more than 6,600 questions were asked worldwide.

With respect to Suppliers, in addition to the communication of Applicable Rules via the letters of ethical commitment, they are given access to the following documents[1]:

- the Code of Ethics; and
- L'Oréal's policy on Suppliers/subcontractors and child labour.

(ii) Learning about Human Rights and fundamental freedoms

A new version of the specific, compulsory e-learning course on ethics and human rights was launched in July 2023. In this version, the tool provides a reminder of the respect that the Group's top management has for Human Rights, and offers varied and interactive content and exercises. Notably, it includes practical case studies to resolve, some of which can be customised according to the role selected by the user. The aim is for all employees across all departments to complete this learning.

New buyers receive compulsory training on Responsible Purchasing to learn about how to ensure respect of the Group's Ethical Principles.

An e-learning course on Supplier audits, detailing the applicable audit procedure, is also available for all buyers. A version adapted for Suppliers is available on the website for strategic suppliers.

(iii) Communication about the Environment, Health and Safety (EHS) in the workplace

EHS managers are informed of the Applicable Rules by their functional hierarchy.

Group Sites are encouraged to hold a day dedicated to EHS to raise the awareness among all employees about the risks to which they are exposed and suitable prevention, in addition to specific local actions.

A Group awareness-raising campaign about major safety risks, deployed over three years, and the implementation of a specific topic every four months, serve to develop employee awareness of risks over time.

A monthly newsletter for the Group's EHS managers and their team leaders enables performance tracking and the sharing of best EHS practices.

(iv) Learning about the Environment, Health and Safety (EHS) in the workplace

Learning sessions dedicated to L'Oréal's EHS policy and practices have been provided at all levels of the Company, as well as for temporary workers and subcontractors working on Group sites. They constitute one of the cornerstones in the implementation of risk identification and management systems, and the deployment of the EHS culture in all Group entities.

EHS learning includes the various learning actions for health and safety in the workplace, or the environment and covers general EHS learning, EHS learning by "métier" (function) and specific EHS learning.

General EHS learning includes:

- core general learning completed, for example, when a new employee arrives at a Site (L'Oréal administrative staff or temporary staff) regardless of their position; and
- fire safety learning, first aid, pollution prevention, recycling, general EHS awareness raising etc.

EHS learning by métier refers to learning specific to a given métier area or activity (for example, all of the filling and packing staff of a factory).

Specific EHS learning refers to EHS learning for a particular workstation and the activities carried out by the employee.

In terms of ergonomics, a "Manual handling" e-learning course is provided to all employees.

A high level of expertise for global EHS Teams and the development of an EHS culture for "Top managers", managers and supervisors is assured via the deployment of learning specific to each person.

To support the Environmental aspect of the L'Oréal for the Future programme, a learning programme on the challenges related to climate, water, biodiversity and resources (Green steps for all) has been launched with the intention of training 100% of the Group's employees.

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(1) These documents are available to the public from the L'Oréal website: https://www.loreal.com/en/articles/commitments/loreals-mutual-ethical-commitment-letter/ & https://www.loreal.com/en/articles/commitments/code-of-ethics/

3.4.5.2. Monitoring compliance with the Vigilance Plan

Risk hierarchy of non-compliance with the Applicable Rules

The risk hierarchy is used to enhance controls on compliance with the Applicable Rules by defining procedures for monitoring compliance with the Rules that are consistent with the risks, including via a policy of third-party audits, monitoring and evaluation of Suppliers conducted by third-party companies such as EcoVadis. The Group's vigilance is strengthened in circumstances where conflict is involved, in line with applicable international standards.

As far as Subsidiaries are concerned, the risk hierarchy of non-compliance with the Applicable Rules was created taking into account the type of activity and, thereafter, the type of Site[(1)].

With respect to the Suppliers, the risk mapping of non-compliance with the Applicable Rules was created for Human Rights, Fundamental Freedoms, the environment, and health and safety in the workplace using a methodology that takes the following parameters into account:

- The country in which the Supplier's sites are located: a country is considered vulnerable in terms of Human Rights and Fundamental Freedoms, and environment, health and safety, if it meets at least one of the following criteria:
  1. The country is classified as "High risk" or "Extreme risk" according to the criteria of the consultancy firm Verisk Maplecroft: 12 evaluation indices are used in this methodology and aggregated in a single grade compared with the threshold values set by Verisk Maplecroft; and
  2. The results of social audits conducted by L'Oréal in the country include cases of Zero Tolerance or Need Immediate Action ("NIA" rating that corresponds to the most severe non-conformities).
- The business sector: each Supplier is associated with a sector area according to a governance ranking of Purchases ("Global Purchasing Categories").
- The nature of operations: the activities most heavily exposed to labour risk are the activities with high manual added value, implying work on a production line.

SUBSIDIARY AUDIT MATRIX

Type of country	Sites audited
All countries	Factories, dispatch centres, R&D sites and administrative sites

(1) Type of activity: administration, manufacturing, distribution etc. Type of site: administrative offices, factories, distribution centres, research centres etc.

MATRIX THAT TRIGGERS SUPPLIER AUDITS ACCORDING TO RISK MAPPING

Business sector	Description of business sector	Type of country	Suppliers audited
Raw materials	Suppliers of ingredients used to produce cosmetics in L'Oréal factories	Countries classified as "high risk"	100% of Suppliers
Packaging	Suppliers of packaging used for production in L'Oréal factories	Countries classified as "high risk"	100% of Suppliers
Subcontractors	Suppliers producing cosmetics for L'Oréal (Full-buy, Full-service etc.)	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "satisfactory" or "NCI" (Needs Continuous Improvement) rating is achieved, additional audits are no longer necessary
		Countries classified as "high risk"	100% of subcontractors
Dermo-cosmetic devices	Suppliers of equipment & electronics	Countries classified as "high risk"	100% of Supplier Production Sites
Manufacturing equipment	Suppliers of manufacturing equipment (processing tanks, filling machines etc.)	Countries classified as "high risk"	100% of Supplier Production Sites
Promotional items	Suppliers of promotional items (bags etc.)	Countries classified as "high risk"	100% of Supplier Production Sites
Items intended for points of sale	Suppliers of items intended for the presentation of products at points-of-sale	Countries classified as "high risk"	100% of Supplier Production Sites
Services intended for points of sale	Architects, general contractors, maintenance	Not applicable	Not applicable
Co-packing	Co-packing Suppliers (sometimes called subcontractors or Co–Packers)	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "Satisfactory" or "NCI" (Needs Continuous Improvement) rating is achieved, additional audits are no longer necessary
		Countries classified as "high risk"	100% of Supplier Production Sites
Logistics service providers (excluding transport)	External distribution centres	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "Satisfactory" or "NCI" (Needs Continuous Improvement) rating is achieved, additional audits are no longer necessary
		Countries classified as "high risk"	100% of Suppliers' logistics sites

Audit and self-assessment system

(i) Audits

Audits of Applicable Rules: Audits of Applicable Rules are used to check that the Plan is correctly implemented by the Subsidiaries and Suppliers included in the Risk Matrix. Audits are done by specialist external companies. When a Subsidiary or Supplier is audited, the process is carried out in accordance with the Risk Matrix set out above. A written audit report is prepared. With respect to the Subsidiaries, the reports are stored in a secure database available to Group Human Relations Directors and to the Country Operations Directors, in some cases. The reports on Suppliers are intended for Group buyers.

EHS audits specific to Subsidiaries: In order to ensure compliance with the Group's EHS policy, a system of worldwide audits has been in place since 1996, and was reinforced in 2001 with the presence of external auditors. These are experts in the local environment and regulations. These audits take place regularly on each L'Oréal site: every three years for production sites and every four years for distribution centres, administrative sites and research centres. If the result of the audit does not meet the standard required by the L'Oréal guidelines, a specific interim audit is scheduled for the following year. Every year, the teams responsible for EHS risks review the audit results and identify general improvement plans. The improvement plans specific to the audited Sites are established immediately after the end of the audit. Any emergency measure intended to prevent an imminent risk for the health of persons at the Site is implemented by the Site EHS teams without waiting for the completion of an audit even if it is not part of the improvement plan that may exist. There are various audit grids called "risk", "culture", or "combined risk and culture", used depending on the maturity and type of activity at the Sites. They assess in particular:

- compliance of practices and facilities with the Group's rules and procedures;
- progress in terms of EHS performance;
- any risks that the sites may present from an EHS standpoint; and
- the level of management and deployment of EHS culture on the Sites.

Each risk finding is classified in one of three categories A, B and C according to a matrix of level of impact/probability of occurrence. "A" findings are monitored monthly and consolidated annually by risk type.

The monthly reporting of safety and environmental data also enables consolidation and analysis of any anomalies and incidents leading to regulatory non-conformity, complaints and/or fines.

Three types of audit specific to Suppliers:

- initial audits: first audits conducted, which are a prerequisite to the start of the relationship with a new Supplier;
- follow-up audits: audits done 12 to 24 months maximum after the immediate improvement request (Needs Immediate Action or NIA), depending on the severity of the non-conformities found; and
- confirmation audits, three years after the initial audit.

The possible outcomes of the audits are as follows:

- **Satisfactory:** all criteria conform to the Applicable Rules and the best practices are highlighted;
- **Needs Continuous Improvement** (NCI): minor non-conformities were found, but they do not have an impact on employee safety or health;
- **Needs Immediate Action** (NIA): non-conformities are reported either because they are serious, because they are recurring or have a potential impact on the health and safety of employees;
- **Zero Tolerance** (ZT): reported, for example, in the event of a critical non-conformity because of child labour, forced labour, physical abuse, restricted freedom of movement, an immediate risk of accident for employees or attempted bribery of the auditors[1]; and
- **Access Denied:** reported when the audit is refused (for example in the event of refusal to provide partial or full site access to the auditors).

In the event of a non-conformity (Needs Continuous Improvement, Needs Immediate Action, Zero Tolerance), corrective action plans must be implemented which are then audited at the level of the Subsidiary or Supplier. Failure to implement a corrective action plan can, in the case of a Subsidiary, result in an alert being sent to the Country Manager. Subsidiaries can decide to link part or all of the remuneration of their managers and/or of their performance evaluation to the implementation of the Applicable Rules.

In the case of Suppliers, serious non-conformities (Needs Immediate Action, Zero Tolerance and Access Denied) or the failure to implement corrective action can result in the non-listing of a new Supplier or the suspension or termination of commercial relations with a listed Supplier.

In the event that the existence of a serious non-conformity with the Applicable Rules is reported, a specific audit can be initiated. Visit reports are issued as part of the process of routine visits made to Suppliers. They can result, if necessary, in additional audits.

Specific EHS audits of subcontractors' sites

Additional specific EHS audits are conducted by independent third parties for subcontractor sites for aerosol production or storage, bleaching powders, flammable products under the criteria defined by L'Oréal, which are similar to those used for the Group's sites. These audits are triggered at the time of referencing/qualification and are followed up via audits conducted between 12 months and 36 months maximum after the immediate improvement request (NIA), depending on the severity of the non-conformities found, and again at the time of confirmation, five years after the initial audit.

The results of these audits are the same type as those previously described: satisfactory, NCI, NIA and ZT.

Serious non-conformities (Needs Immediate Action, Zero Tolerance and Access Denied) or the failure to implement corrective actions can result in the non-listing of a new Supplier or the suspension or termination of commercial relations with a listed Supplier.

All the main non-conformities found are monitored and consolidated annually by risk type.

(1) *It should be noted that the concept of attempted bribery mentioned in the audit report refers to an attempt to bribe the auditor and not to the fact that the supplier may have been involved in a bribery case.*

In the event that the existence of a serious non-conformity with the Applicable Rules is reported, a specific audit can be initiated. Visit reports are issued as part of the process of routine visits made to Suppliers. They can result, if necessary, in additional audits.

Additional procedures: L'Oréal also uses analyses and ratings provided by EcoVadis, an analytical company, to evaluate the policies implemented by the Suppliers, among others, in terms of the issues covered by the Plan. This evaluation is an indicative guide that can be added to the audits described above. By participating in the EcoVadis assessment, L'Oréal compares its environmental and social policy with the expertise and the recommendations of external auditors qualified in the analysis of multi-sector risks. This is a useful rating for the continuous improvement of L'Oréal's programme, it also contributes to the transparency of industry practices. This assessment is used to select suppliers by taking their environmental and social performance into consideration. L'Oréal is co-founder of the Responsible Beauty Initiative (RBI), a sector initiative created in 2017 with EcoVadis. It brings together eight major players in the cosmetics industry for the sustainable transformation of the entire beauty supply chain.

(ii) Self-assessment system

Human Rights and Fundamental Freedoms: An annual ethics reporting system enables monitoring of the implementation of the Applicable Rules in the Subsidiaries, namely with regard to Human Rights and Fundamental Freedoms.

Environment, health and safety in the workplace: The Management Committees of L'Oréal Sites have tools for the self-assessment of their practices based on the audit standards provided to them. This enables them to produce an improvement plan, if required. These self-assessments are input data in the EHS risk audits.

To direct its performance:

- every year, each Subsidiary site defines and revises its safety and environmental roadmaps to achieve the targets set by the Group. It tracks EHS indicators monthly;
- at Group level, the indicators are consolidated monthly by region and globally for the Group's results; and
- a Greenhouse Gas Assessment is prepared annually (in accordance with the GHG Protocol).

3.4.6. Whistleblowing mechanism and reporting system

"L'Oréal Speak Up", L'Oréal's internal whistleblowing mechanism, has been in place since 2008. This system gives employees and stakeholders access to a secure website that they can use to raise any concerns they may have, including serious infringements of Human Rights and Fundamental Freedoms, the health and safety of people at work, and respect for the environment, with the Chief Ethics, Risk and Compliance Officer in a secure, effective manner that provides all the guarantees of confidentiality necessary for the reporting of potential breaches. Any allegations expressed in good faith are examined in detail and adequate corrective measures are taken, if applicable. Employees have several other methods of raising their concerns (line management, dedicated local hotlines etc.). The whistle-blowing line was opened to employees in 2008, and then to stakeholders in 2018.

3.4.7. Update on the effective implementation of the Plan

This paragraph provides the 2023 results of the application of the Plan for Subsidiaries and Suppliers.

3.4.7.1. General results of whistleblowing mechanisms and reporting

In 2023, there were 678 reports on potential non-compliance with the Applicable Rules, including:

- 34 on sexual harassment, 19 of which were proven, in whole or in part, and which resulted in 7 departures from the Group;
- 111 on bullying, 37 of which were proven, in whole or in part, and which resulted in eight departures from the Group;
- 30 on discrimination, six of which were proven, in whole or in part, and which did not result in any departures from the Group;
- 24 on health and safety, six of which were proven, in whole or in part, and which resulted in three departures from the Group; and
- 2 on the environment, neither of which were proven, in whole or in part.

3.4.7.2. Results of the application of the Plan to Subsidiaries

Adoption of the Applicable Rules by the Subsidiaries

The Applicable Rules are incorporated into the Group's Subsidiaries' internal rules. Employees learn through an online learning programme on ethics. At the end of 2022, 87% of the relevant employees had completed this learning programme. A new version was launched in July 2023 as part of the publication of the new Code of Ethics. As at 31 December 2023, 66% of the relevant employees had already completed it.

Each EHS manager and each person working in a factory or distribution centre is trained in the Applicable Rules on Health, Safety and the Environment (EHS). All new employees are trained in the Rules on Health and Safety in the workplace and the Environment, regardless of their work location.

Monitoring and control system in respect of Human Rights

A total of 13 audits have been carried out at the Group's factories and distribution centres, covering all Human Rights Rules with the exception of those relating to health and safety, which are subject to specific audits and organised separately.

- With regard to L'Oréal employees, an audit revealed that the weekly working hours of two employees on the same site were not in line with the Group's policy. The policy defines a remediation plan that includes changing the working hours.
- The other non-conformities flagged during these 13 audits concerned employees of external companies (temporary workers or subcontractors) working at Group-owned sites. These non-conformities can be broken down as follows:

(i) **Child labour**: it is reported that, in 2023, 19 employees were aged 16 to 18[1]; there were no employees under the age of 16 working at the Subsidiaries;

(ii) **Forced labour**: an audit found that three employees of a temporary work company did not have copies of their employment contracts; to remediate this, the site quickly ensured that these individual non-conformities were resolved by the company concerned and defined a procedure to systematically verify that external workers have copies of their employment contracts;

(iii) **Freedom of association**: the audits revealed no non-conformity;

(iv) **Non-discrimination**: the audits revealed no non-conformity;

(v) **Working hours**: an audit revealed that the hours worked by three employees of a temporary work company had not been recorded; to remediate this, the site expanded its system for recording hours worked by using electronic tags already used for L'Oréal site employees to include external workers;

(vi) **Wages and charges**: an audit was unable to verify the compliance of salaries paid to employees as owed in the absence of a record of the hours worked by the three employees of a temporary work company cited in (v); moving forwards, conformity verifications will be made possible by the aforementioned expansion of the tag system to include external workers. This audit also flagged that five employees from external companies did not have national social insurance because their respective employers had not organised the required medical visits prior to hiring them; upon receipt of the audit report, the site required the external companies concerned to resolve individual non-compliant situations within three months and to allow the site to systematically check compliance with their requirements in this matter;

(vii) **Sexual harassment and bullying**: the audits revealed no non-conformity;

(viii) **Disciplinary practices**: the audits revealed no non-conformity; and

(ix) **Subcontracting**: the audits revealed no non-conformity.

Monitoring and control system in respect of Health, Safety and the Environment

In 2023, 119 "Top managers" (managers of factories or distribution centres, Management Committee members etc.) attended the Leadership & Safety Culture seminar, held at the CEDEP, The European Centre for Executive Development, at the INSEAD campus in France. The seminar aims to raise awareness with top managers about safety issues, increase their leadership ability and see these behaviours adopted and maintained over the long term.

35 factories are certified ISO 45001, representing 95% of the Group's factories.

In 2023, the following EHS audits were conducted:

- 22 risk audits;
- 8 combined EHS culture and risk audits;
- 8 combined Quality, Environment, Health, Safety and Performance audits and 1 combined Quality, Environment, Health and Safety audit; and
- 49 additional EHS audits of subcontracting sites in factories, and 18 in external distribution centres.

The most frequently identified risks during EHS risk audits are related to fire protection, procedure safety, hazardous energy, containment of fire water runoff and wastewater management. The cases of non-conformity and formal notice were systematically subject to corrective actions.

In 2023, regulatory non-conformities were found at nine factories with regard to the quality of their wastewater. Two factories were fined a total of $1,500 for these non-conformities. In addition, two factories received neighbourhood complaints that did not result in a fine.

3.4.7.3. Results of the application of the Plan to Suppliers

Adoption of the Applicable Rules by Suppliers

100% of strategic Suppliers in the direct purchases category and 94.4% of strategic Suppliers in the indirect purchases category have made a contractual commitment to comply with the Applicable Rules.

All purchasers know the Applicable Rules and know which people to contact in the event of doubts.

In 2023, 143 newly recruited purchasers in the Group completed an in-depth learning programme on responsible purchases.

(1) The scope of consolidation of human rights data arising from ethics reporting is identical to that of social data.

Monitoring and control system

The Applicable Rules are controlled through external audits. These audits cover questions on Human Rights as well as Environment, Health and Safety and cover all activities of the audited site without being limited to the parts of the site that operate for L'Oréal.

1,242 on-site audits were conducted in 2023 ☑, as part of regular audits, but also ad hoc audits following a risk analysis (16 ad hoc audits in 2023)[1].

The cases of non-conformity noted during these social audits that come under the Plan are described below.

In 2023, 965 suppliers conducted an Ecovadis assessment of their social, environmental and ethical policies, as well as the implementation of those policies by their own suppliers in 2023.

In terms of Human Rights

Results of audits by topic

(i) Child labour: 1% non-conformity☑. The non-conformities noted concerned in particular the absence of procedures to verify age at the time of hiring by the Supplier, as well as failure to adhere to the conditions prescribed by the law regarding the employment of young people and apprentices. The concerned Suppliers were asked to correct these situations, and follow-up audits were planned.

(ii) Forced labour: 5.6% non-conformity ☑. Cases of non-conformity concerned the demand for a monetary deposit at the time of hiring, withholding of identity documents without a legal requirement, the freedom for administrative staff to end their contracts without being penalised (financially or otherwise), the absence or inadequacy of employment contracts, and the absence or inadequacy of work permits for foreign workers. The main corrective measures requested were the return of the identity documents and the updating of worker contracts. Follow-up audits will check the effective implementation of these corrective measures.

(iii) Freedom of association and right to collective bargaining[2]: 2.4% non-conformity ☑. Most of the cases of non-conformity concern the failure to freely elect worker representatives without management interference. Elections must be carried out, or in countries where such elections are not legal, worker meetings must be organised or alternative arrangements made for workers to raise any concerns or complaints they may have.

(iv) Non-discrimination: 0.9% non-conformity ☑. These cases of non-conformity mainly concern the absence of a clear and uniform policy to ensure the absence of discrimination in recruitment or discrimination in the payment of wages and other costs. It was also noted that some suppliers required pregnancy tests as part of the recruitment process. In addition, there was one proven case of discrimination. Suppliers were requested to take corrective action, which will be checked in future audits.

(v) Working hours: 25% non-conformity ☑. Cases of non-conformity involved failure to comply with applicable legislation regarding working hours and mandatory rest periods, but also the lack of sufficient documents to ensure correct application of legislation. In all of these cases, corrective action plans are implemented and a follow-up audit is planned.

(vi) Wages and charges: 18.1% non-conformity ☑. The audits did not find any salary withholdings or undue charges. Most of the cases of non-conformity concerned insurance and social security contributions, as well as a failure to monitor the payment of wages, or non-payment of the minimum wage. When an audit notes a case of non–compliance with regard to the correct settlement of wages, social benefits or the correct payment of overtime, even though these are not undue salary deductions, the Suppliers are requested to correct the situation and a follow-up audit is planned.

(vii) Sexual harassment and bullying: 2.5% non-conformity☑. Most of these cases of non-conformity concerned the absence of a written policy prohibiting sexual harassment and bullying or the absence of an internal system allowing the situation to be reported without negative consequences for the concerned worker. Suppliers were requested to draft these policies, which will be checked in future audits. The other cases of non-conformity did not concern serious breaches of the Applicable Rules.

(viii) Disciplinary practices: 1.8% non-conformity☑. Most of these cases of non-conformity concerned the illegality or absence of clear written rules regarding disciplinary practices, or a lack of communication of these rules to the workers. Suppliers were requested to draft these rules, which will be checked in future audits.

(ix) Subcontracting: 1.3% non-conformity☑. Most cases of non-conformity related Suppliers not ensuring that L'Oréal's standards of ethics are upheld in their own supply chain. Corrective action has been requested and will be checked in future audits.

Health, Safety and the Environment

41.4% ☑ of the cases of non-conformity concerned the applicable rules on Health, Safety and the Environment. Most of these cases involved the absence of fire safety certificates, a lack of learning about emergency evacuations, handling of fire extinguishers or the use of protective equipment, the absence of an evacuation plan, or breaches with regard to emergency routes or exits. In all of these cases, corrective action plans are implemented and a follow-up audit is planned.

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

(1) *Audits for which the Supplier is not part of the scope, but in respect of which the purchaser decided to conduct a social audit as a precaution. They represent 1% of the total number of audits.*

(2) *Figures exclude audits where verification could not be performed because of the specific nature of local regulations.*

Sustainable sourcing of raw materials

In 2023, 100% of the renewable raw materials used by the Group were reassessed on the basis of criteria such as respect for biodiversity and forced labour. Out of the 345 plant species that are the source of the renewable raw materials used by the Group, around 5.5%[1] present significant biodiversity challenges (endangered species, impact of production on natural environments) depending on their geographic origin and the method of extraction or production used. They are the subject of specific action plans initiated with suppliers and, if necessary, benefit from the systematic support of independent external third parties, in order to manage the real impacts on the territories of origin of the ingredients.

3.5. Risk factors and risk management

3.5.1. Definitions and general framework

Risk management (events or situations, the occurrence of which is uncertain, could have a financial, non-financial, or reputational impact) is a process that applies to the Company and its consolidated subsidiaries (the "Group"). Risk management consists of identifying, assessing and controlling risks that may affect the smooth running of the Company. It also participates in the Group's development by promoting the good use of resources to minimise the impact of negative events and maximise the realisation of opportunities.

In order to ensure the sustainability of its development and the achievement of its objectives, the Group strives to anticipate and manage the risks to which it is exposed in its different areas of activity. In addition, the Internal Rules of the Board of Directors specify the role of the Audit Committee which "must ensure that General Management has the means to enable it to identify and manage the economic, financial, legal and sustainability risks the Group faces both within and outside France in the conduct of its normal or exceptional operations.".

On the basis of the work by the Internal Audit Department, the analysis of major risks, in conjunction with the processes used by subsidiaries, makes it possible to identify Internal Control improvements and update the Group's standards.

3.5.2. Risk mapping

The Group's risk mapping process is led by the Ethics, Risks and Compliance Department with the support of all Support Divisions and functions. This mapping is reviewed by the Group's Executive Committee, which validates it.

The risk mapping for all of L'Oréal's activities is updated annually. This process to identify, analyse and assess significant risks strengthens Group actions and allows them to be prioritised. The results of this work are presented to the Audit Committee. The main risks to which the Group is exposed are described below.

3.5.3. Risk factors

The Group operates in a changing environment. Like any company, it is necessarily exposed to risks which, if they were to materialise, could have a negative impact on its business activities, its financial position and its assets, particularly in terms of reputation and image.

For taking an informed investment decision, as required by the regulations in force, this paragraph presents the major risks in a limited number of categories (given the probability of their occurrence and the expected magnitude of their negative impact) taking risk management policies into account. In each category, the most material risks are mentioned first. This paragraph specifies the way in which each risk factor could affect L'Oréal as well as the management policy implemented.

Risk management work classifies the residual risks by category of importance (low, moderate or significant).

However, a wholly risk-free environment cannot be guaranteed. Moreover, the Group could be adversely impacted by other risks of which it is not currently aware or which it does not consider material at the date of this document.

(1) Calculated on the basis of projected purchases between January and November 2023.

Major risks to which the Group believes it is exposed

		Residual importance
Business risks	Information and cybersecurity systems*	Significant
	Geographic presence and economic and political environment*	Significant
	Sanitary crisis*	Significant
	Reputational crisis management	Moderate
	Data	Moderate
	Market and Innovation	Moderate
	Business ethics	Moderate
	Evolution of sales channels	Moderate
	Human Resources risk	Low
	Product quality and safety	Low
	Safety of people and property	Low
Industrial and environmental risks	Product availability*	Significant
	Climate change	Significant
	Environment and safety	Low
Legal and regulatory risks	Non-conformity*	Moderate
	Intellectual property: trademarks, designs & models, domain names, patents	Low
	Product claims	Low
Financial and market risks	Inflation and currency risk*	Moderate
	Risk on financial equity interests	Low
	Risk relating to the impairment of intangible assets	Low

* *Most material risks in each category.*
Residual importance: Low *Moderate* *Significant*

3.5.3.1. Business risks

Business risks/Information Systems and cybersecurity (Significant)

Risk identification	Risk management
In a context of digital transformation and constant development of information technologies and their uses, the Group's business activities, expertise and, more generally, its relations with all stakeholders in its social and economic environment, depend on an increasingly virtual and digital operation. As a result, the malfunction or shutdown of these systems, the leakage or destruction of data for exogenous or endogenous reasons (including cyberattacks, malicious acts, hacks etc.) internally or at a third-party of the Group could have a material impact on the Group's business activities.	The IT Department has implemented strict security rules for infrastructures, devices and applications. Furthermore, to adapt to the development of new ways of communication and collaboration, L'Oréal has introduced an Information and Communication Technologies Code of Practice. To deal with the growing cyber-threats, L'Oréal continuously strengthens the resources dedicated to information system security. A multi-year plan aimed at reducing the level of risk from cyberthreats and strengthening the maturity of risk management was therefore set out. This plan relies in particular on anti-intrusion solutions, regular read teaming and penetration tests, an information system security audit programme, the protection of sensitive assets and global supervision to detect malicious activities. L'Oréal's security focus is constantly adjusted to deal with new threats of cyberattacks. For example, the Group is increasingly investing in incidents detection and reactions systems and proceeds to regular reviews of the effectiveness of these solutions. An online learning programme for cybersecurity best practices is available for all eligible employees (48,487 employees have completed the *"Join the next Shield!"* programme, which equates to 81% of eligible employees). Specific learning programmes are also available for other employees. In addition to regular communication throughout the year, the Group conducts an annual worldwide awareness-raising campaign called Cyberweek. Management of risks related to data is described in the "Data" risk section.

Business risks/Geographic presence and economic and political environment	
Risk identification	**Risk management**
L'Oréal is a worldwide corporation that has subsidiaries in 75 countries. More specifically, the global development of the cosmetics market has led L'Oréal to develop its Travel Retail business and its business in countries of North Asia, which represented 25.9% of sales in 2023, SAPMENA-SSA (South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa), 8.4% of sales, and Latin America, 7.1% of sales. Because of this globalisation, political or economic disruption (strong economic slowdown e.g. due to growing geopolitical tensions such as the Ukraine/Russia situation, sustained high inflation, international trade tensions or sovereign debt crises) in countries in which the Group generates a significant portion of its sales could have an impact on its business activity. The impact and management of inflation risks, currency risks, and those associated with economic sanctions policies, are described in the risk factors entitled "Inflation and currency risk" and "Risk of non-conformity" respectively.	L'Oréal's global presence and its portfolio of 37 major international brands helps to maintain a balance in sales and offsetting between the geographic zones, product categories and distribution channels (details on sales from the zones are presented in section 1.3). With regard to Ukraine–Russia, L'Oréal continues to closely monitor the situation and its potential for adversely impacting the worldwide economy and, in particular, its business activity.

Business risks/Sanitary crisis	
Risk identification	**Risk management**
Because of its worldwide presence, L'Oréal is exposed to epidemics or other public sanitary crises in the 79 countries in which it operates. The main risks identified cover different segments of the Group's business activities: • impairment of the health, safety and security of employees in the context of their duties and their business travel, and confinement of the population that prevents employees from entering their work site, particularly at the manufacturing and distribution sites; • difficulties for the company to operate normally because of the restrictive measures established by the authorities, which restrict employee access to the Group's sites, or as a result of the unavailability of individual protective equipment necessary to protect them; • supply difficulties, unavailability or increased prices of raw materials and components, and limited capacities to produce and distribute products related to the restrictive health measures established by the authorities of the countries in which the Group operates; • reductions in product demand related to the impact of the measures to restrict movement on access to physical points of sale, particularly in the Travel Retail network that is particularly sensitive to sanitary crises; and • financial difficulties for suppliers and clients as a result of a drastic reduction in their levels of business. Depending on its duration, geographic expansion and the resulting economic and social consequences, a sanitary crisis may have a material impact on the Group's activities, its performance and its reputation.	The crisis management system is led by a unit at Group level that can prevent and limit the impacts of undesirable events on all its entities. Facing a sanitary crisis, the Group's priority is to protect the health, safety and security of its employees. The Group responds through compliance with the directives of the authorities in the countries in which it operates, the application and adaptation of its worldwide, high management standards for health and safety at its operational sites and in business travel situations. The Group's information systems allow large-scale development of flexible and remote work methods and are the subject of adequate safety protection processes (see paragraph 4.3.2.4.). The policies to manage supply chain and inventories, and the business continuity plans of the administrative, industrial and logistics sites, allow the Group to anticipate the actions necessary to manage disturbances. The long-term relations with the Group's strategic suppliers, the policies to diversify sources, and operational continuity plans, limit the impacts of these crises. The Group's presence in all distribution channels, particularly online sales capacities developed with diversified partners (owned sites, e-retailers, pure players), as well as its expertise in digitised consumer relations, help to maximise development opportunities in disturbed contexts. The Group's worldwide and balanced presence in terms of geographic areas, product categories and distribution channels, the very high responsiveness and capacity for adaptation of its teams through its strategically centralised and operationally decentralised organisational model with a strong entrepreneurial spirit, as well as its robust financial position, contribute to its ability to face the economic consequences of these crises.

Business risks/Reputational crisis management	
Risk identification	**Risk management**
Prejudicial events or information mainly related to the use or misuse of a product, or an inappropriate individual behaviour, whether proven or not, could affect the reputation of L'Oréal, its 37 major international brands and its products and, as a result, affect sales and, more generally, its financial position. The impact of the risk could be amplified, notably, by: • the explosion of digital and social media in all countries, characterised by the consistent increase in the influence of social media and the speed at which information and controversies are circulated; and • societal movements and enquiries by the civil society, consumers etc. to the Group or the brands. The impact and management of risk associated with social selling, particularly via influencers, are described in the risk factor entitled "Evolution of sales channels". See the "Safety of people and property" risk factor in the security crisis management information.	L'Oréal has implemented the following: • crisis communication learning, creation of a crisis management system dedicated to reputation protection and creating a network of experts, and support for the communication teams on key topics for the Group; • crisis risk management at corporate and local levels; • permanent monitoring (across 14 languages) of the Group's media including social media accounts. The subsidiaries deploy their own social media and web monitoring systems under the responsibility of their Director of Communication and immediately report a media risk in their country to the Corporate Communications Department; and • L'Oréal has set up a crisis management procedure which is tasked with preventing, managing and mitigating the consequences of undesirable events on the company worldwide. The Group crisis management officer reports directly to General Management. The deployment of the Code of Ethics throughout the Group aims at reinforcing the dissemination of the rules of conduct which form the basis of L'Oréal's integrity and ethics. These rules of conduct seek to guide actions and behaviour, inspire choices and make sure that the Group's values are reflected in the everyday acts of each employee. L'Oréal has implemented a "Code of Good Practice for the Use of Social Media" for its employees.

Business risks/Data	
Risk identification	**Risk management**
The data collected and processed by L'Oréal or its partners, the volume of which is increasing with the growth in digital activities, particularly personalised services for consumers, could be altered, lost, illegitimately copied or transferred or even fraudulently used. Furthermore, personal data protection regulations are being reinforced throughout the world. In particular, the European General Data Protection Regulation (EU) 2016/679 of 27 April 2016, which entered into force on 25 May 2018, (GDPR) provides for major sanctions in Europe, as does the CCPA in California, the LGPD in Brazil or the PIPL in China and the POPI Act in South Africa. The increasing adoption of various laws aimed at limiting and controlling the transfer of data is also a growing risk factor to which L'Oréal is exposed. Any breach of data integrity or confidentiality, particularly personal data processed by L'Oréal or its partners, for exogenous or endogenous reasons (including intrusions, malicious acts etc.) could impact the privacy or safety of its users, have a significant impact on its reputation and consumer confidence and thus on the Group's business activities and financial position.	The Group constantly and progressively deploys policies, learning and data management tools as well as the associated organisational and technical measures. The Global IT Department has introduced strict rules about data security (back-up, protection of, and restrictions on access to confidential data). The Group's principles governing the processing of personal data have been rolled-out all over the world to raise the awareness of all employees about respect for ethical principles, and legal and regulatory requirements in the matter. An organisation has been set up based on a Global Data Privacy Office at Group level, comprising a legal unit and a programme unit. A Group Data Protection Officer was appointed in 2018 and a network of 47 Country DPOs has been created, for all countries in the European Zone and gradually in other regions of the world. The governance is based on a Global Strategic Committee, a Steering Committee by region, as well as a network of Heads of Data Privacy within the Métiers (Transversal Functions) and Zones, responsible for the protection of personal data. They provide support to all operational stakeholders involved. This governance notably aims to monitor the Group's compliance with different laws, by ensuring the mobilisation of all stakeholders and by adapting customer, supplier and business line processes to the Group's rules and to applicable laws. L'Oréal's commitments in terms of personal data and the risk management systems are detailed in paragraph 4.3.3.2.

Business risks/Market and innovation	
Risk identification	**Risk management**
L'Oréal is subject to constant pressure from many competitors in all countries due to: • its size and the positioning of its brands in various markets in which major international groups operate; • local brands and new players coming from the digital economy; • rapid technological changes in emerging fields of research by new operators. If the Group fails to anticipate or respond to changes in consumer expectations, especially in the areas of natural beauty, health, personalised services, connected things and environmental commitments, with innovative and adapted product offerings, its sales and growth could be affected.	The Group continually adapts its innovation model and is constantly increasing its investments in research and digital services. L'Oréal's Research & Innovation team innovates to respond to the infinite diversity of beauty aspirations all over the world. The Consumer & Market Insights Department, within the Innovation Department, is constantly monitoring changes in consumer expectations by product category and major regions of the world. These research programmes all form part of a long-term vision. They allow L'Oréal to rise to the challenges of innovation (see subsection 1.3.7.). The Digital and Marketing Department is responsible for accelerating the Group's digital transformation by helping the brands create enriched spaces for expression and helping teams to establish more interactive, close-knit and bespoke relationships with consumers. Consumer expectations with regard to sustainability are also at the heart of the L'Oréal for the Future programme (see chapter 4). These are taken into account in developing the Group's brand and product portfolio. The Group's acquisition strategy always takes into account changes in the competitive environment.

Business risks/Business ethics	
Risk identification	**Risk management**
As L'Oréal is a worldwide group of over 90,000 employees, which operates in 79 countries at more than 400 sites (excluding stores and point-of-sales outlets of distributor customers), it cannot exclude potential violations of its ethical commitments (Code of Ethics based on the four Ethical Principles – Integrity, Respect, Courage and Transparency –, its Human Rights policy, support of the United Nations Global Compact and the United Nations Sustainable Development Goals etc.), whether directly by its employees, or indirectly because of the activities of its partners, particularly its suppliers and subcontractors. In addition, civil society is expressing higher expectations with regard companies' integrity and transparency and the way in which they manage scientific and technological innovations. These expectations may, for example, relate to the responsible use of artificial intelligence. Such non-compliance with its commitments or the lack of a response to new ethical questions could have an adverse impact on the Group's reputation and expose it to criminal or administrative sanctions.	The Group's policies on sustainability, social and societal responsibility, compliance and philanthropy are based on the Ethical Principles. The role and the resources granted to the Chief Ethics Officer allow him to succeed in his mission by relying on all the teams and resources of the Group (see subsection 3.2.1.). Specific learning for management teams, regular dialogue with stakeholders and the establishment of internal working groups, facilitate the inclusion of Ethics in the Group's new policies and strategic decisions. The ethical risks are mapped and regularly updated, including for suppliers and subcontractors (see paragraph 3.4.5.2.). The deployment of the Code of Ethics and specific complementary policies throughout the Group, mandatory specific e-learning and ongoing communication campaigns via an Ethics Day ensure that employees are aware of the ethical standards. A network of 81 Ethics Correspondents around the world and regular contact between the Chief Ethics Officer and the Countries, ensure close relationships with these employees. Compliance with the Code of Ethics is taken into account each year when evaluating the overall performance of employees. Regular audits of the Group's sites and those of its suppliers and subcontractors (see section 3.4), the Group's whistleblowing line (www.lorealspeakup.com) opened in 2018 accessible to all Group stakeholders, as well as a procedure to collect and process reports, allow to manage potential violations. In 2023, L'Oréal established its Reliable Artificial Intelligence policy. This was incorporated into the Code of Ethics, updated in 2023.

Business risks/Evolution of sales channels	
Risk identification	**Risk management**
To market its products, L'Oréal relies not only on traditional independent distribution channels and the development of direct-to-consumer distribution for certain brands (directly owned stores and e-commerce), but also on the use of social media. For example: • by developing networks of Group brand ambassadors and communities to be part of the conversation around brands and products (partnerships with relevant influencers, advocacy marketing etc.); and • by promoting social selling to better target the needs and expectations of consumers who are increasingly turning to these channels. The impact of the risk could be amplified, in particular by the emergence of social beauty, which is connected and shared, and by the role of influencers as opinion leaders with a significant following and/or subscribers. Undisclosed advertisement or posts that materially mislead consumers or cause serious or widespread offence by an influencer on one of the brands in the Group's portfolio, or neglecting the importance of new sales and marketing strategies on social networks, could impact results. See also the "Reputational crisis management" risk.	The presence of the Group's brands in all types of distribution channels allows the Group to offer its products and services, whatever the consumer practices. The departments concerned anticipate trends to adapt to these changes and, in particular, have steadily developed online sales with diversified partners (e-distributors, platforms, and market places). The Group has set a solid internal control system, including the deployment of certain guidelines: • a Code of Good Practice for the Use of Social Media for its employees; • an Influencer Values Charter and a Social Selling Values Charter that each influencer or social seller with whom L'Oréal collaborates undertakes to respect; and • the Group's principles and the operational processes to be applied in relation to partnerships with influencers and social sellers have been circulated worldwide to all employees involved in advocacy marketing. The Group seeks to work with influencers & social sellers who share its values and Ethical Principles. Depending on the nature of the relationship, the Group reserves the right to pursue due diligence by way of reviewing information already in the public domain. These documents effectively complement the rules of conduct set out in the Group's Code of Ethics.

Business risks/Risk related to Human Resources	
Risk identification	**Risk management**
One of the keys to L'Oréal's success lies in the talent of its employees to ensure its growth. This is all the more true as L'Oréal is changing within a complex, highly competitive and rapidly changing environment (globalisation, diversity, equity and inclusion challenges, sustainability issues, acceleration of the digital transformation etc.) that requires specific expertise. The Covid-19 health crisis has left a significant mark on the job market, with new employee expectations, particularly with the introduction of a sustainable hybrid work mode, alternating between on-site and remote working. If L'Oréal fails to identify, attract, recruit, retain, promote and develop competent and engaged employees who behave responsibly within diverse teams, the development of its activities and its results could be affected. Moreover, given L'Oréal's activities, particularly its industrial operations, the risk of occupational injuries or illnesses could become a reality. Psychosocial risks may affect the well-being of Group employees. This could also have an adverse impact on their commitment and, consequently, on the Group's performance.	The Group is developing a motivating, professional environment with respect for its ethical values, particularly diversity, equity and inclusion. The recruitment and development of employees occurs within a long-term perspective, also to ensure the continuity of key functions within the Group, in which learning plays a core role throughout an employee's career. The remuneration policy combines external competitiveness and internal fairness. It recognises both individual and collective performance. The worldwide *Share & Care* programme meets the essential needs of each of the Group's employees in terms of benefits, healthcare, parenthood, flexibility and quality of life at work. Actions for stress prevention, psychological support and workstation ergonomics have been arranged. In order to meet employees' expectations in this new hybrid working environment, L'Oréal has developed a balanced Group policy to ensure that opportunities for cooperation, discussion and creativity are always prioritised. Since 2010 and as part of the 2030 Health and Safety Strategy, the Group has set itself ambitious objectives and defined global procedures and standards based on two pillars: risk management and the development of an interdependent Health and Safety culture (see paragraph 4.3.2.1.). After an initial component of its Simplicity programme centred around the transformation of managerial behaviour was launched in 2018, the Group implemented a second component, Simplicity 2, in 2023, which focuses more on work habits and processes with a view to providing concrete solutions regarding workload, reducing tasks with low added value and improving employee well-being at work. The Pulse survey, an annual employee satisfaction survey, makes it possible to identify potential well-being risks and implement appropriate action plans.

Business risks/Product quality and safety	
Risk identification	**Risk management**
Placing a product on the market that does not meet the safety requirements, or consumer or stakeholder questions about the quality and safety of L'Oréal products, whether based on proven facts or not, whether or not they are related to the use or misuse of a product, could affect consumer confidence, the Group's sales and, more generally, its financial position, particularly if claims are made or products recalled.	Consumer safety is an absolute priority for L'Oréal: assessing safety is central to any new product development process and a prerequisite before any new product can be brought to the market. The principles governing the Group's quality and safety policy are: • satisfaction of customer needs; • compliance with safety requirements and laws; • maintenance of standards and regular updates of safety assessment approaches; and • product quality and conformity across the supply chain. The Environmental Safety Department specifically evaluates the safety of raw materials and finished products. It establishes the toxicological profile of the ingredients used and the tolerance of the formulas before they are launched on the market, so that the Group's products can be guaranteed to be completely safe for consumer use. The same safety standards are applied worldwide to ensure identical quality across the globe. In anticipation of updates to regulations, the environmental profiles of the raw materials (that exist or are included in the catalogue) in finished products are also evaluated with the aim of reducing the environmental impact of the ingredients used by the Group. Through its international cosmeto-vigilance network, L'Oréal goes one step further in safety assessments by monitoring the potential adverse effects that may arise once the product is on the market, in order to take the appropriate corrective measures, if necessary (see "Product quality and safety: a priority" in subparagraph 4.3.1.3.2.). In terms of questions that civil society may ask regarding certain substances and their effects on health and the environment, L'Oréal's position can be summarised in three points: • vigilant monitoring of any relevant new scientific data; • cooperation with the relevant authorities; and • precaution leading to the substitution of ingredients in the event of a proven or strongly suspected risk. L'Oréal relies on its scientific teams to answer consumers' questions about the safety of its products, primarily through its Inside our Products platform that has been online since 2019. Quality standards are defined by our Conception Quality Systems for Formulas, Packagings, Manufacturing Processes and by our Conformity Quality Systems for Production and Supply Chain. All factories are ISO 9001 certified for their production and follow the Best Manufacturing Practices in accordance with the ISO 22716 standard. In the case of production subcontracting, the rules governing the choice of the subcontractor and its production follow the same principles. The subcontracting quality charter picks up these requirements, compliance with which is assessed during audits and the plan regularly strengthened to ensure appropriate control of our partners.

Business risks/Safety of people and property	
Risk identification	**Risk management**
As a worldwide group operating in 79 countries and across more than 400 sites (excluding stores and point-of-sales outlets of distributor customers), the Group is exposed to a variety of risks inherent to the environment in which it performs its activities (war, geopolitical, climate, health/pandemic, economic and social risks, malicious acts, climate and natural disasters). The direct and indirect consequences of these risks may adversely affect people and the assets of the Group (tangible and intangible).	In order to permanently protect these persons and resources (or Group assets) against malicious acts, the Security Department helps in the preventive implementation of technical, HR and operational procedures to limit the residual risk of malicious damage and support the Group's international development in all countries concerned. The Security Department has developed a worldwide resilience improvement programme for this purpose: • coordinates, with related key players, the security crisis management procedure which is tasked with preventing, managing and limiting the consequences of undesirable events on the Group worldwide; • coordinates the deployment of business continuity plans for all administrative sites; • coordinates assistance for Group employees who travel for international assignments; • has implemented a watch and evaluation of the state of security in the countries in which the Group is active; • conducts evaluation updates in the countries in which it is present; • establishes processes for alerting and reporting, mobilisation, decision-making using the CALM method, demobilisation and feedback; • defines the minimum security standards to be implemented to protect the Group's activities; • organises learning sessions and runs crisis management exercises for all entities affected; and • develops tools to be put into action at the very start of the crisis: the POB (People On Board) and the Security Check are primarily used to assess impacts on people. The security measures are regularly adjusted and reassessed based on the local situation and the level of exposure of employees and sites.

3.5.3.2. Industrial and environmental risks

Industrial and environmental risks/Product availability	
Risk identification	**Risk management**
In the context of a globalised supply chain and the increased geographic concentration of certain supply sources, the failure of an external supplier to deliver raw materials, filling and packaging articles or finished products, whether resulting from operational difficulties or significant non-compliance with ethical commitments, along with a major interruption of operations in a L'Oréal industrial unit or shipping hub, could impact the Group's sales because of the unavailability of products that could result from this. In 2023, Group purchases related to production totalled €6.4 billion or more than 15% of its net sales. The impact and management of risk associated with the availability of products caused by climate change are described in the risk factor entitled "Climate Change".	L'Oréal regularly revises its security inventory policies for expected risks, anticipates growth scenarios, reserves capacities with its suppliers and negotiates long-term contracts with them. There are business continuity plans for each operational site. The Group is currently deploying a single methodology of business continuity plans at all its factories and distribution centres. These plans aim to anticipate disruption at Group supply chain sites and ensure a timely business continuity. L'Oréal has set up a centralised raw materials team that uses action plans to manage and anticipate risks of raw materials not being available, including seeking alternative sources and reviewing formula design. For its packaging, L'Oréal duplicates moulds for its strategic products, implements operational continuity plans with its suppliers and reviews, if required, the design of its formulas and finished products. The main suppliers and subcontractors are asked to comply with the Letter of Mutual Ethical Commitment, which covers, in particular, Human Rights, working conditions, environmental protection and integrity.

Industrial and environmental risks/Climate change	
Risk identification	**Risk management**
The Group's activities are exposed to the physical and transition risks related to climate change. The increase in risks of natural origin, both extreme and chronic, the loss of biodiversity, and the increased pressure on water resources could impact the availability of finished products by disturbing the Group's operations and supply chain. The scarcity of resources and the implementation of the transition towards a low-carbon economy could also increase production costs (such as the increased cost of recycled plastic packaging). Insufficient consideration during product design related to the impact of their usage by consumers could represent a risk for sales in certain areas of the world affected by water stress or the lack of adapted infrastructures to collect and treat waste and wastewater. Consumer choices could be increasingly influenced by the impact associated with the use of a product (its carbon footprint, its water footprint, its impact on biodiversity) and by the Group's overall environmental performance, particularly in terms of reducing its CO_2 emissions in all Scopes. If the Group did not sufficiently anticipate all these impacts and did not initiate a voluntary process to reduce and adapt to climate change, its financial and non-financial performance as well as its reputation could be impacted.	Taking into account environmental challenges, and in particular efforts to combat climate change, is an integral part of L'Oréal's business model Building on its previous achievements, the Group announced in June 2020 a second generation of particularly ambitious and specific objectives for 2030 as part of its L'Oréal for the Future programme. These objectives cover the CO_2 emissions in Scopes 1, 2 and 3 that are generated by the Group's activities, and commit to a Science-Based Targets (SBT) approach, so as to track the 1.5°C trajectory by 2050. These commitments were validated in 2017 by the SBT initiative: • by 2025, the Group will reach 100% renewable energy(1) at all operated sites; • by 2030, the Group will have reduced all its greenhouse gas emissions by 25% in absolute value compared to 2016 (Scopes 1, 2 and 3); and • as a signatory of the UN pledge "Business Ambition for 1.5°C", L'Oréal has made a commitment to reach net zero emissions by 2050. L'Oréal commits that by 2030 all water used in the Group's industrial processes would be recycled and reused on its sites, prioritising the deployment of the required equipment according to the water situation of the watersheds in which L'Oréal operates. Management of potential consequences of extreme events is described in the section on "Product availability" risk. The Group also launched a programme entitled Green Sciences to evolve its raw material portfolio the development of ingredients with a favourable environmental profile, in minimising the environmental impacts associated with growing plants sources of these ingredients (deforestation, soil depletion, consequences on biodiversity, for example), and by relying on ecofriendly processes that prevent upstream pollution. To inform its consumers and enable them to make more sustainable consumer choices, the Group is developing an environmental display system for its products, with a rating ranging from A to E, which takes into account 14 factors of impact for the planet, including greenhouse gas emissions. This system has been deployed across 12 of the Group's brands in 32 countries in Europe, North America and China. At the same time, L'Oréal actively contributes to the collaborative work of the EcoBeautyScore Consortium, which aims to develop a standardised scoring system across the entire industry. L'Oréal's priorities and the main commitments of L'Oréal for the Future programme are described in chapter 4, which specifically comprises the information disclosed in the Non-Financial Performance Statement, including the recommendations of the TCFD.

(1) On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. Environmental data

Industrial and environmental risks/Environment and safety	
Risk identification	**Risk management**
The Group, with its 80 industrial sites (owned factories and distribution centres), including 4 classified as "Seveso high threshold", is exposed to various industrial risks related to the environment and safety (fires, explosions, failure of equipment or safety systems, or even human failure in the operation of the existing facilities or management of the work etc.), which can result in injuries, accidental pollution within or outside the Group sites, particularly when they are located in a populated area, and/or the temporary unavailability of an industrial site. The occurrence of such events could have a financial, operational and/or reputational impact.	The Group's Environment, Health and Safety (EHS) policy aims to minimise the impact on the environment and guarantee the health and safety of employees, customers and the communities in which L'Oréal carries out its activities. As a result of this policy, the risks inherent in our business activities are systematically identified and brought under control. The Operations Department issues internal rules that set out the principles of L'Oréal's EHS policy. Each site is covered by an EHS officer. EHS risk management programmes, methods and tools are implemented and the corresponding learning programmes are being rolled out systematically. EHS performance indicators are collected monthly from all factories, distribution centres, and administrative and research sites with over 50 people. Specific audits are conducted by internal EHS teams, and external independent experts. The fire risk is controlled by very strict fire prevention standards (National Fire Protection Association standards or equivalent). Industrial sites classified as "Seveso" are subject to specific procedures adapted to the nature of the risks related to storage of chemicals or flammable materials and are in compliance with the regulations. Since 2020, the Group has extended compliance with the main requirements of the European Seveso Directive beyond the European Union to all sites it operates worldwide. Across all its sites, the Group strives to reduce its greenhouse gas emissions, its water consumption and its waste generation and to limit the impact of its activity on biodiversity. It also pledges to reduce the footprint from transportation of its products and to no longer send waste to landfill. Details of how the risk relating to the temporary unavailability of an industrial site is managed are given in the section relating to "Product availability".

3.5.3.3. Legal and regulatory risks

Legal and regulatory risks/Risk of non-conformity

Risk identification	Risk management
Many general and specific laws and regulations apply to the Group, such as the European REACH and CLP (Classification, Labelling, Packaging) regulations intended to strengthen the human and environmental safety of chemical products, the European Cosmetics Directive governing animal testing of ingredients, legislation on competition law, corruption and the control of international flows, including economic sanctions policies. The diversity and constant reinforcement of the regulatory environment expose the Group to a risk of non-conformity or increased compliance costs. L'Oréal remains exposed to the risk of default or fraud, which could have an impact on its reputation, its business activities and its results. In the ordinary course of its business, the Group will potentially be involved in all types of legal actions and may be subject to tax, customs and administrative audits.	In accordance with its Code of Ethics, L'Oréal attaches particular importance to compliance with the laws and regulations that apply to it. This obligation to comply with local legislation is reaffirmed specifically in the Group's Legal Charter, which sets out the rules applicable within the Group in terms of contracts, corporate law, intellectual property and competition law, embargoes and economic sanctions, and protection of personal data. To ensure compliance with these rules, the Group has implemented a robust governance structure involving all of the Group's operational entities and support departments. This governance enables the Group to monitor legislation on an ongoing basis and to take any measures necessary to comply with it in a timely manner. To ensure any embargoes are observed, the Group has put in place rules on the terms of delivery and transport of its goods, with the aim of ensuring the control and compliance of formalities in terms of customs imports and exports. Learning programmes about customs fundamentals are also delivered to all appropriate employees in the Operations Department. The Group's Legal Department has set up dedicated learning courses in competition law for all appropriate employees. L'Oréal is also involved in an ongoing dialogue with national or regional authorities in charge of specifically regulating products in its sector through the professional associations to which it belongs. With regard to the REACH and CLP regulations, L'Oréal communicates proactively with its European suppliers in order to ensure a continuing supply of compliant raw materials. An action plan has been drawn up at L'Oréal in order to improve the design and methods used to assess the safety of raw materials. It led to the end of testing finished products on animals in 1989 (14 years before it became a legal obligation in Europe) and the development of predictive evaluation strategies to meet European regulations. In the areas of fraud and corruption, the deployment to all Group subsidiaries of programmes to prevent corruption (see subsection 4.3.4.) and raise awareness of fraud risk contribute to the management of these risks. In terms of taxation, the Group relies on a tax policy and the systems described in subsection 4.3.5. L'Oréal has no knowledge of any governmental procedures, legal or arbitration proceedings, which are pending or threatened, that may have, or have had over the last 12 months, material effects on the financial position or profitability of the Company and/or the Group, other than those described in note 12.2. "Contingent liabilities and significant ongoing disputes" of the notes to the Consolidated Financial Statements. The main legal risks are reported to the General Management and presented to the Audit Committee.

Legal and regulatory risks/Intellectual property: trademarks, designs & models, domain names, patents	
Risk identification	**Risk management**
The brands, particularly the 37 major international brands, designs, models, domain names and patents filed are strategic intangible assets for the Group. Given the image and reputation of the Group around the world and given the large number of patents (610 in 2023) and trademarks filed by L'Oréal, third parties could: • dispute the validity of L'Oréal's intellectual property rights, or attempt to enforce their intellectual property rights against the products marketed by L'Oréal; or • infringe on L'Oréal's intellectual property rights, reproduce or imitate the Group's packaging and products in order to benefit illegitimately from the name or associated technologies and thus illegally draw a profit from the efforts and investments made by the Group. Given the competitive context in which a growing number of patents and trademarks are filed, and in which some intellectual property rights result from acquisitions or are developed by third parties ("open development"), the free use of a technology or full availability of a brand before any launch cannot, therefore, be completely secured by L'Oréal.	Special care is given to the protection of trademarks, designs, models and domain names belonging to the Group. This responsibility is entrusted to a special unit of the Legal Department. The department ensures the worldwide protection, management and defence of intellectual property rights via searches for prior rights, monitoring of registration and renewal procedures, the implementation of monitoring services and the initiation of appropriate legal action against counterfeiters. In order to protect the Group against the risk of appropriation of a molecule, a formula, packaging, an application system or an application by another company, L'Oréal has set up the International Industrial Property Department, a specific structure which is part of the Research and Innovation Department. This Department is responsible for filing the Group's patents, their use and defence on a worldwide basis. It also conducts studies on the free use of Group products with regard to third-party patents and monitors the legality of competitors' products with regard to the Group's patents. The Group is also an active member of organisations which have set themselves the goal of combating counterfeiting and promoting best commercial practices. This is the case of the UNIFAB *(Union des Fabricants)*, the APRAM *(Association des Praticiens du Droit des Marques et des Modèles)* and the AIM.

Legal and regulatory risks/Product claims	
Risk identification	**Risk management**
In its communications, L'Oréal highlights the innovative nature, quality and performance of its products. These communications may be challenged by authorities, organisations or consumers, despite every care used to guarantee their accuracy and fairness. Such actions could affect sales or, more generally, the Group's financial position, particularly if claims are made or products recalled.	The Regulatory and Claims Substantiation Department controls the conformity of product communications before they are introduced on the market. The Group's Code of Ethics sets out the fundamental principles of responsible communication and L'Oréal has made a commitment to implement the International Chamber of Commerce Consolidated Code of Advertising and Marketing Communication Practice and the Cosmetics Europe Charter and Guiding Principles on responsible advertising and marketing communication to which the key global cosmetics industry players in Europe adhere. The Group's principles for "responsible product advertising" are described in a summary brochure disseminated worldwide in order to raise employee awareness about compliance with ethical principles, specific legal and regulatory requirements, and operational processes for the prior control of product communications.

3.5.3.4. Financial and market risks

Financial and market risks/Inflation and currency risk	
Risk identification	**Risk management**
Due to its international presence, L'Oréal is naturally exposed to currency fluctuations. In addition, commercial flows resulting from purchases and sales of items, products, royalties and services arise between subsidiaries in different countries. Procurement by subsidiaries is mainly in the currency of the supplier's country. Fluctuations between the main currencies may therefore have an impact on the results of the subsidiaries, but also on the Group's results during the conversion of non-euro subsidiaries' accounts into euros and, as a result, make it difficult to compare performances between two financial years. Furthermore, as a result of the inflation situation, the Group is exposed to increased volatility in global currencies and to an increase in the cost of its supplies, in particular. The impact of hedging on equity and the analysis of sensitivity to currency fluctuations are detailed in note 11.3. "Other comprehensive income" in the Consolidated Financial Statements. Finally, the impact of foreign exchange gains and losses on the income statement is described in note 10.2. "Foreign exchange gains and losses" of the Consolidated Financial Statements.	The Treasury and Finance Charter specifies, in particular, the principles to be applied by Group entities to ensure that management of currency risk is both prudent and centralised. To limit currency risk, the Group applies a predetermined strategy whereby it hedges a significant portion of its annual requirements for the following year through currency forward contracts (purchases or sales) or through options. Hedging requirements are established for the following year on the basis of operating budgets of each subsidiary. These requirements are then reviewed regularly throughout the year in progress and the hedging is adjusted. In order to obtain better visibility over the flows generated, the management of currency risk is centralised through the Treasury and Finance Department at head office (part of the Group Corporate Finance Department), which uses a specific tool for centralising the subsidiaries' requirements by currency (FX report). The system of foreign exchange risk hedging is presented to the Audit Committee. The hedging methodology and the equities involved are described in note 10.1. "Hedging of currency risk" of the Consolidated Financial Statements. It is adjusted according to the economic and financial situation. In addition, the management tools developed can be used to mitigate the impact of inflationary tensions through product recovery strategies and sourcing adaptation strategies.

Financial and market risks/Financial equity risk	
Risk identification	**Risk management**
The main equity risk for L'Oréal is the 9.35% stake it held in Sanofi at 31 December 2023 (see note 9.3. "Non-current financial assets" of the Consolidated Financial Statements), the value of which fluctuates primarily as a function of global market trends, Sanofi's results and, more generally, economic and financial data from Sanofi and its sector. A significant decrease in the amount of the dividend paid by Sanofi, or a significant or extended decline in its market price, could have an impact on L'Oréal's share price.	This interest and changes in the market in which Sanofi operates are monitored on a regular basis. As at 31 December 2023, the market value of the Sanofi share was significantly higher than the value recorded on the L'Oréal balance sheet (see note 9.3. "Non-current financial assets" to the Consolidated Financial Statements).

Financial and market risks/Risk relating to the impairment of intangible assets	
Risk identification	**Risk management**
L'Oréal's intangible assets, which are primarily its 37 major international brands, and the goodwill recognised at the time of external growth transactions, are susceptible to impairment.	As detailed in note 7. "Intangible assets" of the Consolidated Financial Statements, brands with an indefinite useful life and goodwill are not amortised but are tested for periodic impairment at least once a year. Where the recoverable amount of a brand is lower than its net carrying amount, an impairment loss is recognised. Similarly, any difference between the recoverable amount of each cash-generating unit and the net carrying amount of the assets including goodwill would lead to an impairment loss in respect of the asset, recorded in the income statement. This is reported to the Audit Committee. The amounts for the last three financial years are provided in note 4. "Other operational income and expenses" of the Consolidated Financial Statements. The data and assumptions used in impairment tests carried out on Cash-Generating Units for which the goodwill and non-amortisable brands are significant, are presented in note 7.3. "Impairment tests on intangible assets" of the Consolidated Financial Statements.

4

Corporate Social Responsibility AFR NFPS

AFR *This information is an integral part of the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code.*

NFPS *This information is included in the Non-Financial Performance Statement as provided for in articles L. 225-102-1, L. 22-10-36 and R. 225-105 of the French Commercial Code.*

This chapter reports on the Group's corporate social responsibility policies and progress, and presents the 2023 year-end assessment of the L'Oréal for the Future sustainability programme. It is the Group's Non-Financial Performance Statement.

4.1. Introduction

L'Oréal's ambition is to combine financial performance with social and environmental performance, which are now more inextricably linked than ever. This ambition forms the backbone of the Group's strategy.

4.1.1. Sustainability for sustained success

For many years now, L'Oréal has been working hard to **reduce its impact on the environment and make a positive contribution to society**. Sustainability is a key pillar of the Group's transformation and a strategic priority. Therefore Management as a whole and all its teams implement an ambitious CSR policy.

In 2013, the Group launched its **first comprehensive sustainability programme**, *Sharing Beauty With All*. Through this programme, the Group underwent a thorough transformation to reduce its impact on its value chain, by re-inventing the way it designs and manufactures its products, with sustainability as its fundamental requirement.

In 2015, the Group started **defining *Science-Based Targets* (SBT), set according to the +1.5°C pathway**, to reduce its greenhouse gas emissions over its value chain and over the long term, following the Paris Agreement on climate change. In December 2017, the SBT initiative (SBTi) approved the Group's commitment to reduce its Scope 1, 2, and 3 compared with 2016. The Group decided to adopt a similar scientific approach to define its objectives in terms of water management, biodiversity protection and natural resources preservation.

Thus, **in 2020**, the Group formalised its commitments in **its second, even more ambitious, sustainability programme** for 2030, L'Oréal for the Future. This programme addresses all impacts of the Group associated with its value chain: from research on ingredients to sourcing of raw materials, from packaging conception to production, from manufacturing to transportation of products, as well as consumption, and end of life.

L'Oréal for the Future, which is subject to public reporting every year, is based on three pillars:

- **transforming L'Oréal's activities**, in order to limit their impact on the climate, water, biodiversity and resources;
- **empowering the Group's business ecosystem** and helping it **transition to a more sustainable world**; and
- **contributing to solving global challenges** by supporting urgent social and environmental needs.

This programme guides both the internal transformation of the Group and that of its external stakeholders, as well as its contribution to the most pressing global challenges.

In october 2023, in accordance with the new SBTi Net-Zero framework, the Group has updated its decarbonization trajectories for 2030 and 2050. At the time of approval of the Management Report kby the Board of Directors, the Group was still awaiting SBTi's approval of these trajectories. These will be published in the 2024 Universal Registration Document.

4.1.2. CSR governance

To support this process, the Group has developed a strong governance structure.

The **Board of Directors** determines L'Oréal's strategic orientations annually. These orientations account for climate change and sustainability matters more generally, as well as the Group's purpose to "Create the beauty that moves the world". To monitor how these strategic orientations are defined and successfully implemented, the Board of Directors relies on its four **Board Committees** to investigate matters within their area of expertise for determining and monitoring the non-financial strategy (see subsection 2.3.4.). Every year, the Chief Corporate Responsibility Officer reports on the Group's activities to the Board of Directors and attends Strategy and Sustainability Committee meetings. Before each meeting, the members of the Board of Directors receive **a status update** detailing specific advances in the L'Oréal for the Future programme. In October 2022, the Directors took a specific CSR learning course. The Directors are well informed about strategic challenges, including those linked to CSR (see subsection 2.3.2.).

The comprehensive transformation plan affects all Divisions, Zones and support functions. To implement it, the Chief Executive Officer relies on the commitment of every **member of the Executive Committee** in their field of responsibility. He works with the Executive Committee to implement non-financial strategic orientations. There are regular updates on sustainability matters so that the necessary action plans can be defined and implemented. A **network of sustainability leaders,** members of the Management Committees, administers L'Oréal for the Future in each Division, Zone and entity.

On the Executive Committee, the **Chief Corporate Responsibility Officer** ensures that the measures the Group takes to integrate sustainability across its entire value chain are strategically consistent with its charitable contributions. Using the action plans that have been introduced, she formulates and implements the sustainability strategy, and assesses and manages risks and opportunities related to environmental and societal challenges at Group level. In April 2023, the Chief Corporate Responsibility Officer presented L'Oréal's Sustainability strategy, including climate change, to the Annual General Meeting.

Under her direction, different **internal Committees related to sustainability** define the roadmaps for each of the entities represented (Operations, Research & Innovation, Divisions, Zones). The experts responsible for administering the programme are on these Committees, each of which defines annual objectives and oversees how they are rolled out across the value chain.

Twice a year, the Chief Corporate Responsibility Officer invites some Executive Committee members to a meeting of the **L'Oréal for the Future Executive Committee** to make strategic decisions about the programme.

Created in 2020, the mission of the **Sustainable Finance Department** is to integrate the environmental challenges from a financial standpoint. It reports to the Chief Financial Officer and to the Chief Corporate Responsibility Officer. It aims to develop and then manage Sustainable Finance actions by coordinating actions within the finance teams and further incorporating sustainability into investment and acquisition decisions.

Launched in 2021, the **Sustainable Tech Department** was expanded in 2023 to incorporate a digital component. The mission of the **Sustainable Digital & Tech** Department is to measure the environmental footprint of our Digital and Tech activities, while developing and implementing decarbonisation pathways towards reducing carbon intensity with concrete roadmaps and reduction targets. This Department reports to the Beauty Tech Department and CMO.

4.1.3. A strategic transformation driven by all

Sustainability must be driven by all teams. All **L'Oréal employees** are encouraged to complete learning programmes on the challenges of sustainability. They have access to a comprehensive range of online learning courses as part of the L'Oréal for the Future programme. These learning courses are available in 15 languages.

Remuneration structures have been revised at the highest level. The **variable portion of the Chief Executive Officer's annual remuneration** incorporates quantitative and qualitative non-financial targets, including objectives associated with the L'Oréal for the Future programme (and previously the Sharing Beauty with All programme). In order to ensure strong correlation with L'Oréal's strategy for which economic and social performance go hand-in-hand, the **long-term remuneration** of the Chief Executive Officer, and that of more than 2,000 other recipients of performance shares, includes criteria for non-financial performance in addition to financial performance (see sections 2.4 and 7.4.). Moreover, non-financial targets in line with the Group's sustainability goals have since 2016 been included in the **variable remuneration** of the top management, including international brand managers and country managers.

Within the framework of ongoing dialogue and in the spirit of continual progress, L'Oréal considers **its stakeholders' expectations**. With a worldwide representative panel of outside experts, the Group has defined and developed a method of ad-hoc interaction deemed the most efficient and appropriate. It has also set up bodies to consider important issues. These bodies aim to ensure that civil society's expectations are sufficiently met with regard to these issues. The main stakeholder interactions are set out in subsection 4.1.5.

The Group is convinced that acting ethically is the only way to achieve sustainable success. In order to ensure that strong Ethical Principles – Integrity, Respect, Courage and Transparency – continue to guide the development of L'Oréal and contribute to establishing its reputation, the Chief Executive Officer can also rely on the **Chief Ethics, Risk and Compliance Officer**, who reports directly to him.

In 2022, true to its commitment to the Ten Principles of the UN Global Compact, L'Oréal participated in the Early Adopter programme. This involvement highlights its contribution to the UN Sustainable Development Goals, which are at the centre of its growth strategy.

In 2023, L'Oréal was awarded the Living Wage Employer accreditation by Fair Wage Network, an international NGO, in recognition of its worldwide status as a committed Living Wage Employer.

CSR GOVERNANCE

BOARD OF DIRECTORS

Defines the strategic orientations while taking CSR, including the L'Oréal for the Future programme, into account

4 BOARD COMMITTEES

including the Strategy and Sustainability Committee (5 meetings in 2023)

Make CSR recommendations in their respective areas of competency to the Board of Directors (see subsection 2.3.4)

CHIEF EXECUTIVE OFFICER

member of the Board of Directors and the Executive Committee

EXECUTIVE COMMITTEE

including the Chief Corporate Responsibility Officer and CEO of the L'Oréal Foundation

Implements the Group's comprehensive transformation plan in the divisions, geographic zones and support functions

L'Oréal for the Future Committee at Executive Committee level

made up of members of the Executive Committee

L'ORÉAL FOR THE FUTURE

Internal committees related to sustainable development

- Divisions
- Zones
- Scientific

Network of sustainable development managers

- Zones
- Countries
- Divisions
- Brands
- Business Lines

L'ORÉAL'S CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

L'Oréal contributes to the Sustainable Development Goals defined by the United Nations in 2015. The Group is able to do this thanks to its sustainability programme, its strong ethical commitment, its policy to promote diversity, and its charitable actions with the support of the L'Oréal Foundation and by its brands, among other resources.

1 NO POVERTY
2 NO HUNGER
3 GOOD HEALTH AND WELL BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 CLEAN ENERGY AT AN AFFORDABLE COST
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITY
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 MEASURES RELATING TO THE FIGHT AGAINST CLIMATE CHANGE
14 AQUATIC LIFE
15 LIFE ON LAND
16 PEACE, JUSTICE AND EFFECTIVE INSTITUTIONS
17 PARTNERSHIPS TO ACHIEVE OBJECTIVES

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
L'ORÉAL FOR THE FUTURE																		
TRANSFORMING OUR BUSINESS	Fighting climate change							•	•	•		•	•	•				•
	Managing water sustainably						•			•			•		•	•		•
	Respecting biodiversity									•		•	•		•	•		
	Preserving natural resources									•		•	•		•	•		
EMPOWERING OUR BUSINESS ECOSYSTEM IN OUR TRANSFORMATION	Building a more inclusive society	•	•	•	•	•	•		•		•	•			•	•	•	•
	Involving our consumers in our sustainable transformation						•	•					•	•	•	•		
CONTRIBUTING TO SOLVING GLOBAL CHALLENGES	Supporting women in extremely vulnerable situations	•			•	•			•		•						•	•
	Contributing to the regeneration of nature													•	•	•		•
	Accelerating the development of the circular economy									•		•	•		•			•
PHILANTHROPY																		
FOR WOMEN IN SCIENCES					•	•					•						•	•
BEAUTY FOR A BETTER LIFE		•		•	•	•			•		•						•	•
WOMEN AND CLIMATE					•	•				•	•	•	•	•		•		•
PROMOTING DIVERSITY, EQUITY AND INCLUSION																		
PROMOTING GENDER EQUITY & LGBTQIA+ INCLUSION	• Group-wide HR policy on domestic violence • EDGE or GEEIS certifications for gender equality • Global gender pay gap analysis (using EDGE methodology) • Signatory to the Women's Empowerment Principles and member of the Open for Business Coalition • Signatory to the UN Free & Equal Global LGBTI Business Standards • Member of the One in Three Women network			•		•			•		•						•	•
DISABILITY AND PHYSICAL, MENTAL AND SOCIAL WELL-BEING	• Member of the Global Business and Disability Network of the ILO • Member of the business partnership The Valuable 500 • Member of the Disability Hub Europe initiative • Digital accessibility for all platforms and content			•					•		•						•	•
SOCIO-ECONOMIC AND MULTICULTURAL DIVERSITY	• Member of Equal@work via the European Network against Racism (ENAR) • Member of the Tent Partnership for Refugees network					•			•		•							•
AGE AND GENERATIONS	• Promoting dialogue and cooperation between employees of different generations • L'Oréal For All Generations internal programme			•		•			•		•						•	
OUR ETHICAL PRINCIPLES																		
TO OUR SUPPLIERS	Buy & Care, Mutual Letter of Ethical Commitment			•							•						•	
TO OUR EMPLOYEES	Share & Care			•		•					•						•	
TO SOCIETY	Citizen Day, Human Rights Policy, Corruption Prevention Policy	•		•	•	•					•						•	
TO OUR CONSUMERS	Product safety, responsible advertising			•													•	

DOUBLE MATERIALITY ANALYSIS

In 2022, L'Oréal conducted a double materiality analysis in order to anticipate the next European regulatory requirements and to continue its dialogue with stakeholders. This analysis is based on the double materiality principle that is fully enshrined in the Corporate Sustainability Reporting Directive (CSRD), which defines materiality in two different dimensions:

- financial materiality (the risks and opportunities sustainability issues pose for the development, position or financial performance of a company); and
- impact materiality (the potential impact a company has on people or the environment).

In 2023, L'Oréal launched an update to this double materiality analysis to align it line with the final version of the *European Sustainability Reporting Standards* (ESRS) adopted on 31 July 2023. This process has helped to determine the data points to be published in 2025 under the CSRD.

Identification, evaluation and ranking of issues: first, an analysis of the key environmental, social and governance (ESG) topics was conducted, regardless of whether these topics are covered by the ESRS or are specific to L'Oréal or the beauty sector. These were then subjected to a double financial materiality and impact materiality analysis through:

- a **documentary review** to incorporate materiality and financial impact data as well as the perspectives of numerous L'Oréal's stakeholders, in particular by considering the opinions of: employees, via the annual Pulse survey on L'Oréal employee engagement; consumers, through consumer surveys conducted by L'Oréal and the external third party; investors, via the review of international standards (SASB in particular) and non-financial rating agencies, including MSCI, S&P Global, Moody's ESG Solutions, Sustainalytics;
- **workshops with in-house ESG experts** to incorporate the Group's operational and strategic perspectives; and
- **interviews with external ESG experts** (clients, investors, representatives of civil society, NGOs, professional associations).

Following this analysis, the issues were classified according to their financial and impact materiality.

Results and action plans: all the issues identified in the matrix have, for the most part, already been identified within the framework of programmes such as L'Oréal for the Future *or L'Oréal Share & Care*. This analysis was shared with the Audit Committee and the Executive Committee in 2022.

Main ESG issues	Examples of policies and action plans	Document section
Environmental issues: circular economy, preservation of natural resources (packaging, formulas), climate, water and biodiversity	**"Transforming our business" pillar of the L'Oréal for the Future programme:** • **Climate:** reducing greenhouse gas emissions from sites, strategic suppliers, product transportation and consumers; • **Water:** ensuring that formulas are respectful of all aquatic ecosystems and that water in factories is recycled or reused; • **Biodiversity:** ensuring that 100% of the biobased ingredients for formulas and packaging materials are traceable and come from sustainable sources • **Resource management:** using biobased formulas, recycled or biobased plastic in our packaging, refillable, reusable, recyclable or compostable plastic packaging, recovered waste etc.	1.4.2 Corporate Social Responsibility (CSR): shared and lasting growth; L'Oréal for the Future: 2023 Results.
Safety of ingredients and product compliance, including transparency and action on the safety of new ingredients	• **Safety assessment process:** standards that govern product quality from design and production to distribution (100% of products subject to rigorous assessment, the Environmental Safety department, safety testing) • "Inside our Products" website	4.3.1.3.2. Involving consumers in the Group's transformation 4.3.1.3.2. A/ Product quality and safety: a priority
Responsible beauty marketing and advertising **Responsible consumption and adopting sustainable lifestyles**	• Displaying the **environmental impact of** products. • Environmental and societal commitments of L'Oréal **brands** • Responsible communication commitment: member of the Unstereotype Alliance. • L'Oréal's Influencer Value Charter	4.3.1.3.2. B/ Raising consumer awareness about sustainable lifestyle choices 4.3.2.6. Promoting Diversity, Equity and Inclusion 4.1.5 Ongoing stakeholder dialogue 4.3.3.1. A commitment of the entire organisation
Fair transition, including living wages in the supply chain	• Code of Ethics & **Mutual Ethical Commitment Letter** • Commitment to the **living wage**[1] for employees and strategic suppliers • 12 years of the *Inclusive Sourcing* programme. • Signature of IDH's call to action Better Business Through Better Wages. • L'Oréal *Foundation: Beauty for a Better Life*	4.3.1.2. Involving suppliers in the Group's transformation. 4.3.1.2.1. Due diligence: selecting and assessing strategic suppliers. 4.3.3. Human rights policy 4.3.3.6. Community measures

(1) *See the definition of the living wage in paragraph 4.3.2.5.*

4.1.4. A Group with a longstanding commitment

1968
- 1st employee profit-sharing scheme

1979
- 1st production of reconstructed skin

1988
- 1st incentive agreement

1989
- End of animal testing for finished products

1995
- 1st environmental research laboratory

1996
- Creation of the Instance Européenne de Dialogue Social (European Works Council)

1998
- 1st L'Oréal – UNESCO For Women in Science International Awards

2000
- 1st Ethics Charter

2001
- Creation of the Worldwide Profit-Sharing Programme-WPS

2002
- 1st social audits of suppliers

2003
- ISO 14001 certification
- 1st participation in the CDP
- L'Oréal joins the United Nations Global Compact

2004
- 1st Diversity Leadership Awards
- 1st Diversity Charter
- 1st sustainable development report

2005
- Commitment to use plant-based raw materials in accordance with the Convention on Biological Diversity

2007
- Creation of the L'Oréal Foundation
- 1st recognition by the Ethisphere Institute as "one of the most ethical companies in the world"

2008
- 1st Ethics Day

2009
- Commitment to a 50% reduction in CO_2 emissions, waste generation and water consumption at industrial sites by 2015
- 1st participation in the CDP supply chain
- Launch of the Beauty for a Better Life programme by the L'Oréal Foundation

2010
- Creation of the Solidarity Sourcing programme(1)
- 1st European label, the Gender Equality European International Standard (GEEIS), awarded to 8 entities

2013

SHARING BEAUTY WITH ALL

- Launch of Sharing Beauty With All: 1st sustainable development programme for 2020
- Launch of L'Oréal Share & Care
- "The Way We Prevent Corruption" guide

2014
- Signing of the UN's Women's Empowerment Principles

2015
- *Carbon Balanced Programme*

2017
- 2nd stage of the Share & Care Programme
- Science-Based Targets on Climate
- Human Rights policy published

2018
- Speak Up policy
- 1st employee shareholding plan

2019
- UN Global Compact: Business Ambition for 1.5° C, signature of the pledge (Net Zero Emissions 2050)
- 1st United Nations GEEIS Trophy awarded to the Solidarity Sourcing Programme(1)
- L'Oréal joins the One Planet Business for Biodiversity coalition

2020

L'ORÉAL FOR THE FUTURE

- Launch of the L'Oréal for the Future programme: 2nd sustainable development programme for 2030
- Signing of the TCFD
- Signing of the UN Business Leaders' Declaration for Renewed Global Cooperation
- Sense of Purpose *(Raison d'être)*: create the beauty that moves the world

2021
- Signing of the Better Business Through Better Wages call to action launched by IDH – The Sustainable Trade Initiative to promote the living wage
- Creation of the L'Oréal Foundation's Women4Climate Programme
- 2nd United Nations GEEIS Trophy awarded to the Solidarity Sourcing Programme

2022
- 1st Platinum award from EcoVadis: top 1% of companies evaluated

2023
- Worldwide Living Wage Global Certification by the international NGO Fair Wage Network
- Submission of the new decarbonisation curve in accordance with the requirements of the Science Based Targets Initiative (SBTi) Net-Zero benchmark
- 25 years of the L'Oréal-UNESCO International Awards For Women
- The only company in the world to be awarded "AAA" by the CDP for the 8th consecutive year

2030
- Termination of the L'Oréal for the Future programme

2050
- Reporting on our Business Ambition for 1.5° C – Net-zero commitments

(1) *Inclusive Purchasing Programme, previously called Solidarity Sourcing.*

4.1.5. Ongoing stakeholder dialogue

Within the framework of ongoing dialogue and as part of a process aimed at making continual progress, L'Oréal endeavours to take into account its stakeholders' expectations in its strategy. The Group has defined and developed a method of ad-hoc interaction, that it considers the most efficient and appropriate, for all the stakeholders involved. The dialogue conducted by L'Oréal with its stakeholders has grown in importance over time.

Consulted throughout the Group's first sustainability programme, *Sharing Beauty with All*, they were then involved in both the definition of commitments and during their follow-up. From April 2019, seven internal expert groups came together to prepare the L'Oréal for the Future programme for 2030. They coordinated **independent studies** and collaborated **with external partners and civil society**. Their mission was to define the Group's next steps. These consultations resulted in ambitious and quantifiable targets to reduce the Group's impact and make a positive contribution to its ecosystem. For a large number of global environmental and societal issues, ongoing exchanges with NGOs, associations and experts allow the Group to compare and ensure the appropriateness of its policies, and action plans.

	Current Relationships	Some initiatives in 2023
Employees	L'Oréal sets up a large number of dialogue arrangements with its employees to ensure their health, safety and well-being at work, while listening to their concerns.	More than 37,000 people logged on to Ethics Day sessions and more than 6,600 questions were asked worldwide. In 2023, 89% of the employees invited took part in the "Pulse" engagement survey.
Suppliers	L'Oréal fosters a dialogue with its suppliers and shares its ambitions and best sustainability practices with them.	During strategic meetings, L'Oréal discusses five pillars with its suppliers: quality, CSR, innovation, supply chain and services and competitiveness. L'Oréal shares information and best practices with its suppliers around the world. Since 2018, more than 700 suppliers of the "Retail & Promo" purchasing area have been trained on rules of eco-design of point-of-sale advertising materials.
Consumers	L'Oréal is heedful of both current and future needs and concerns of its consumers, in particular with regard to sustainability.	L'Oréal continued with its policy of active listening, particularly in the United States and China, where quantitative studies measured consumer acceptance of transparency regarding the environmental performance of their products.
Shareholders	L'Oréal is committed to developing and fostering a regular relationship of trust with all its shareholders. The Financial Communication Department offers a range of multimedia and digital tools (e.g. the website L'Oréal-Finance.com, newsletters), organises regular meetings with shareholders and their associations, and takes part in the discussions of professional associations.	• Publication of an interactive digital Annual Report and the previous year's Universal Registration Document in digital format for better accessibility and readability • Annual General Meeting: presentation of e sthustainable development strategy, including climate change, and live broadcasting • Distribution of "Letters to Shareholders" and newsletters • Participation in trade fairs: BoursoLive, remotely, and Investir Day, attending in person at the Carrousel du Louvre • Contribution to the first Nextwise[1] stock market challenge • Multi-annual meetings of the Individual Shareholders' Consultative Committee attended in person • Shareholder meetings outside Paris (Annecy and Bordeaux) • Shareholder visits to the Group's sites (Vichy plant)
Customers (distributors)	L'Oréal builds close relationships with its distributors so that it can co-create and develop new ways of doing business. The Group involves them in the preparation of sustainability projects aimed at engaging consumers in sustainable lifestyles.	In the United Kingdom, L'Oréal has worked with Tesco, Sainsbury's and Superdrug to roll out a recovery system that enables consumers to recycle empty makeup packaging in 1,485 stores, thus creating a genuinely national collection network. L'Oréal signed the first "*Green Joint Business Plan*" with Walmart in Mexico. This plan comprises a set of common objectives, such as delivering consumer learning programmes about "*Stand-Up*", the L'Oréal Paris initiative to combat street harassment, and optimising transportation of the Group's products to reduce carbon emissions.

(1) *A stock market learning programme. Organised by the Paris Dauphine University – PSL, it has been open to students from other higher education institutions since September 2022.*

	Current Relationships	Some initiatives in 2023
International organisations, coalitions, NGOs and associations	The Human Rights Department is engaged in a dialogue and partnerships with outside stakeholders, including NGOs, institutions and human rights associations. Accordingly, L'Oréal is a partner of: • Fair Wage Network, an NGO which provides the Group with a database on living wages in 200 countries and assists it with implementing its strategy in Operations and with strategic suppliers; and • the United Nations Global Compact. Furthermore, L'Oréal is a member of: the Shift Business and Human Rights Learning programme; the Human Rights Coalition of the Consumer Goods Forum; Open for Business, a coalition of companies committed to LGBTQIA+ inclusion; and Unstereotype Alliance, under the authority of UN Women.	In 2023, L'Oréal: • presented the Group's approach to the 8th European peer review 2023 in Copenhagen, organised by the UN Global Compact and focused on the living wage, in order to promote it among other companies; • committed to the living wage through the UN Global Compact's Forward Faster initiative, which aims to accelerate the achievement of sustainability goals; • consulted external stakeholders when drafting its first Human Rights Report; and • joined the Harvesting the Future project launched by the Fair Labor Association, which was extended in January 2023 to cover the rose sector in Turkey for an initial two-year period until December 2024. The project aims to improve working conditions and respect for human rights in the rose sector in Turkey, focusing on empowering seasonal agricultural workers and their families. The project brings together various stakeholders, including the Turkish government, civil society organisations, processors, growers and companies in the beauty and perfume sectors, in order to support and strengthen these companies as they establish systems for monitoring human rights in their supply chains. The project builds engagement with local stakeholders.
Non-financial rating agencies, investors and financial institutions	Every year, L'Oréal improves the information it shares with its stakeholders and holds regular discussions with ESG rating agencies. The Group also discusses CSR issues with its shareholders and may raise these issues with financial institutions (banks, insurance companies).	L'Oréal is in regular contact with numerous non-financial rating agencies, including Moody's ESG Solutions, ISS ESG, S&P Global, MSCI etc. These interactions make it possible to discuss the Group's non-financial performance and identify potential areas for improvement. Dialogue with financial institutions can lead to a discussion on sustainability matters as part of discussions about Sustainability Linked Bonds, for example (see paragraph 4.3.1.6.).
The scientific community including researchers and academics	Research & Innovation teams maintain close links with numerous public or private research centres worldwide(1) in areas as diverse as Green Chemistry, life cycle analysis, synthetic biology, genomics, skin stem cells, microfluidics, bioprinting and microbiomes. The Group's researchers also participate in the implementation of sustainable agricultural practices. They optimise tools and measurement methods with agronomic research institutes to monitor the environmental benefits of more resilient practices on site. L'Oréal collaborates in particular with the French Bureau of Geological and Mining Research (Bureau de recherches géologiques et minières – BRGM) to learn about the minerals it uses (accessibility, extraction procedures, availability etc.).	In April 2023, Polytechnique Montréal and the International Reference Centre for the Life Cycle of Products, Processes and Services (Centre international de référence sur le cycle de vie des produits, procédés et services – CIRAIG), along with the Université du Québec à Montréal, in partnership with L'Oréal and other industry partners, launched the International Research Consortium on Life Cycle Assessment and Sustainable Transition, which aims to implement strategies to accelerate the transition to a net-zero economy. The environmental Research teams work with the University of Nantes to develop innovative methods to easily assess the biodegradability of mixtures of chemical substances. These teams are collaborating with the Fraunhofer Institute in the development of one method to evaluate the bioaccumulation of substances in aquatic environments. The Group's researchers participate in various programmes to identify and test substances likely to be subject to endocrine disruption, both in France (French National Research Agency Zebra Fish Embryo Assay for Toxicological riSk assessment – FEATS ANR) and across Europe (EndocRine Guideline Optimisation – ERGO) and in the United States (Health and Environmental Sciences Institute – HESI).
Public authorities	• At local, national or international level, L'Oréal maintains close relationships with the public authorities, in particular via professional associations and its own associations by direct engagement • Accordingly, the Group facilitates discussions with institutional representatives on the role that companies should play with regard to major CSR issues	• A member of many associations worldwide, including: the French federation for beauty companies (Fédération des Entreprises de la Beauté – FEBEA), Cosmetics Europe, the European Brands Association, World Federation of Advertisers (WFA), US Personal Care Products Council (PCPC), China Association of Fragrance Flavour and Cosmetic Industries (CAFFCI), Cosmetic, Toiletry & Perfumery Association (CTPA) • Meetings with French government ministers during visits to our sites or at institutional events • Participation in major international institutional events, such as Climate Week NYC and the World Economic Forum Davos Summit • Member of the UN Global Compact.

(1) *The National Institute for Materials Science (NIMS) in Japan and the Singapore Centre for Environmental Life Sciences Engineering (SCELSE), among others.*

	Current Relationships	Some initiatives in 2023
Local communities	Once a year, all L'Oréal employees are invited to spend a day volunteering[1] while continuing to receive their salary.	In 2023, more than 27,400 employees across 73 countries participated in Citizen Day to help over 775 non-profit organisations via 1,220 solidarity missions.
	L'Oréal has a long-standing commitment to combatting food waste.	Contributing to the national objective to reduce food waste in mass catering by 50% by 2025, the Group's company restaurants donated their surplus food to associations such as Restos du Cœur or Le Chaînon Manquant. 4,999 meals were donated in 2023.
Students and young graduates	L'Oréal is recognised as one of the most attractive companies for students. The Group has unique know-how in working on university campuses, playing a central role in meeting the expectations and needs of students worldwide. L'Oréal is a long-standing partner of CEMS, a global alliance of more than 30 business schools, including Bocconi University, LSE, Stockholm School of Economics, ESADE, Tsinghua University School of Economics etc.	• Organisation of *L'Oréal Brandstorm*, an international competition for under-30s, which brought together more than 92,000 participants from 72 countries. The final took place at the Vivatech technology conference • L'Oréal was ranked among the top 10 most attractive employers in the Universum rankings for the fourth consecutive year • Updating of the long-standing management trainee programme under the name *L'Oréal Seedz* • The Group has financially supported several academic chairs, including: the Multi-Capital Global Performance chair and the "Chief Value Officer" Executive MBA with Audencia, the Consumer-driven Innovation and Entrepreneurship chair with HEC, the Leadership and Diversity and the Circular Economy chairs with ESSEC, the Creativity in Marketing professorship with ESCP, the Marketing, Innovation & Creativity Chair with INSEAD and the Marketing chair with Oxford University's Saïd Business School

(1) *With associations, on public utility projects and supporting the surrounding communities.*

4.1.6. L'Oréal recognised for its non-financial performance

CDP: AAA rating

Securing a AAA rating for the eighth consecutive year consolidates the L'Oréal Group's leadership position. Recognition by the CDP (a not-for-profit organisation that encourages companies to publish their environmental data) is a testament to L'Oréal's strong sustainability performance in relation to its effort to address climate change, protect forests and ensure water security.

Website: www.cdp.net

EcoVadis: score of 83/100 – Platinum medal

The Group was awarded a Platinum medal for the second year in a row when it was evaluated by the rating agency EcoVadis. This award puts it in the top 1% of companies evaluated by the non-financial rating agency. The assessment considers four broad pillars: Ethics, the Environment, Social and Human Rights, and Responsible Purchasing.

Website: ecovadis.com

S&P Global Ratings: score of 85/100

During the rating agency S&P Global's ESG Evaluation this year, the Group achieved a score of 85/100. This evaluation assesses a company's ability to prepare for future risks and opportunities in terms of sustainable development. According to the agency, the Group's score reflects the fact that "L'Oréal will continue to deliver strong environmental, social and governance (ESG) performance via its global sustainable development strategy".

Website: www.spglobal.com

Sustainalytics: score of 20.1 – *Medium risk*

L'Oréal received a score of 20.1 - *Medium Risk* from Sustainalytics. This score places the Group fourth in the "Personal products" sub-category and among the top 10 companies in the "Household products" industry.

Website: www.sustainalytics.com

Moody's ESG Solutions: score of 74/100

L'Oréal was awarded a score of 74/100 by Moody's ESG Solutions. The elements assessed by the agency are companies' environmental, social and governance performance. In addition, L'Oréal obtained a score of 75/100 for the Energy Transition Score and an A rating for its Carbon Footprint.

Website: www.moodys.com

MSCI: AA rating

L'Oréal was awarded an AA rating on a scale of AAA-CCC by the MSCI rating agency. This non-financial assessment is based on an analysis of the ESG risks faced by companies, and how they manage these risks compared to their peers. MSCI's assessment of ESG performance of companies aims to provide investors with information to facilitate investment decisions.

Website: www.msci.com

ISS ESG: "Prime" status

For the 12th year running, L'Oréal achieved a Prime rating in the ESG Corporate Rating conducted by the ISS ESG rating agency. This ranking recognises performance that exceeds the threshold for the Household & Personal Products segment. It should be noted that this review includes a study of the company's performance, based on an analysis of environmental, social and governance data.

Website: www.issgovernance.com/esg

FTSE: inclusion in the index

The worldwide index provider FTSE Russel has determined that L'Oréal meets the FTSE4good criteria and is thus eligible for inclusion in the corresponding index series. This recognition highlights the strength of the Group's environmental, social and governance practices.

Website: www.lseg.com/en/ftse-russell

Bloomberg Gender-Equality Index

L'Oréal was included in the Bloomberg Gender-Equality Index for the sixth consecutive time. This again confirms that L'Oréal is one of the most advanced companies when it comes to equality. This year, the index features 484 companies across 54 industries with registered offices in 45 countries and regions of the world.

Website: www.bloomberg.com/company/

Refinitiv Diversity & Inclusion Index: 3rd place

L'Oréal once again features in the Top 100 of Refinitiv's 2023 Diversity and Inclusion Index. This year, the Group ranks 3rd in the world among the 15,000 international companies assessed.

Website: www.refinitiv.com

Ethisphere: honourable mention

In 2023, L'Oréal was recognised for the 14th time as one of the world's most ethical companies. The Ethisphere Institute's ranking recognises the companies with the most advanced business ethics practices.

Website: ethisphere.com

Universum: Top 10

L'Oréal is eighth in the worldwide ranking of most attractive employers to future business school graduates. This makes the Group the highest-ranked European Union company.

Website: universumglobal.com

4.2. Main non-financial risks

L'Oréal presents its Corporate Social Responsibility strategy[1] in order to meet the requirements of the Non-Financial Reporting Directive[2] in particular. This Statement sets out the Group's main non-financial risks and describes the policies implemented to address them.

Performance indicators follow and measure these policies as well as their results. This presentation refers to the Group's business model, set out in subsection 1.3.1. As L'Oréal has had a long-standing commitment to CSR, section 4.3. also incorporates the policies and actions voluntarily implemented beyond a response to the main risks.

4.2.1. Risk identification process

The main environmental and social risks, the main risks related to human rights and the main corruption risks[3] are detailed[4] to the extent necessary to gain an understanding of the Company's position, business development, economic and financial results, and impacts of its activity.

Chapter 3 presents the Group's significant risks, i.e. risks that cover all areas of the Group's activities and that could have a material impact on its business, financial position or outlook. They have been established in conjunction with the Group risk mapping (see subsection 3.5.2.).

Some of these risks are specific to non-financial issues. Others are broader and may stem from environmental or societal causes: these are the CSR risks. The principal ones have been selected within the meaning of the NFRD following a detailed analysis. This analysis was carried out based on the work of Group experts, in conjunction with the Ethics, Risk and Compliance Department and in compliance with the Group's business model. This work also draws on the double materiality analysis carried out by the Group based on interviews with its stakeholders (interviews with in-house and external ESG experts, see section 4.1.), the climate study on environmental risks, the Group's Human Rights and corruption mapping, and corruption mapping conducted for each country. It takes into account the risk analysis carried out in connection with the Vigilance Plan (see section 3.4.).

The risks associated with climate change are subject to a long-term approach – more than 10 years – given their specific nature. The main risks have been validated at the highest level of responsibility of the organisation by the relevant General Managements.

4.2.2. Main risks for corporate social responsibility, human rights and corruption

The main risks in respect of CSR, human rights and corruption identified by the Group are detailed below. Other risks, of which the Group is not currently aware or which it does not consider material at present, could have a negative impact. The approach is based on double materiality: the concept of risk covers both risks related to the impact of the Group's business activities on its ecosystem and the risks of the impact of climate change in the short and medium-term on its business model, activity and financial performance[5].

(1) The acronym "CSR" refers to Corporate Social Responsibility.
(2) NFRD – Prepared pursuant in particular to Articles L. 225-102-1 and L. 22-10-36 of the French Commercial Code, resulting from French Order no. 2017-1180 which transposed Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014 on the disclosure of non-financial information.
(3) According to the regulations, information on the fight against tax avoidance is given in subsection 4.3.5. "Tax policy".
(4) In application of the European Directive of 22 October 2014 on the disclosure of non-financial information, as transposed into French law.
(5) Pursuant to French Financial Markets Authority (AMF) recommendation no. 2018-12 of 29 October 2018, the 2019 AMF report on the "Corporate social responsibility of listed companies", and the Guidelines of the European Commission on Climate of 20 June 2019.

MAIN ENVIRONMENTAL RISKS

Industrial risks

As with any production, distribution, research and general administration activity, L'Oréal is exposed to a variety of industrial risks that may impact the environment and safety: fires, explosions, technical failure of facilities, safety systems, or even human failure in the operation of existing facilities (such as those dedicated to wastewater treatment and/or discharge), or when managing exceptional works. These events can generate accidental pollution (surface and underground water, air, soils etc.) and have consequences inside or outside the sites, which are sometimes located near an inhabited area. Given its industrial activity, L'Oréal is also exposed to risks associated with greenhouse gas emissions resulting from its own operations (Scopes 1 and 2 under the GHG Protocol) or generated within its value chain, particularly from production by its suppliers of the raw materials or packaging components required to manufacture its products (Scope 3 upstream) and from the transportation and subsequent use of its products by consumers (Scope 3 downstream).

Physical and transition risks associated with climate change

The Group is exposed to risks of natural origin in many countries. Risks of natural origin are those related to the occurrence of extreme weather events such as cyclones or floods, or those resulting from long-term climate change such as the rise in average temperatures, noticeable change in precipitation levels and the reduction of available water. The increase in these risks could impact the availability of finished products by disturbing the Group's operations and/or supply chain. To be sold, the products manufactured by the Group must be available on the market on the dates scheduled to respect consumer demands and launch plans, in a cosmetics market where the need for responsiveness is growing constantly. A major stoppage of activity at a factory or distribution centre could therefore have an adverse effect on the achievement of commercial objectives.

These risks may impact the Group directly on its sites, or indirectly via the sites of suppliers and subcontractors, thereby reducing the availability of raw materials or filling and packing components necessary to manufacture products. For instance, an exceptionally steep rise in the price of basic raw materials because of their scarcity, or in the energy costs necessary for their production due to carbon taxation, or even their total unavailability or the resulting failure of suppliers, could affect the Group's performance.

Risks related to the use and end of use of products

The use and subsequent disposal of cosmetic products by consumers and professional customers (mainly hairdressers and beauticians) generate environmental impacts. This mainly concerns the use of water and plastic. So-called "rinsed" formulas, shampoos in particular, require water for their use, and the ingredients used in their composition can be found after use in domestic wastewater. The treatment of this water is dependent on existing sanitation systems in the relevant geographic zones. Insufficient consideration of these usage-phase impacts during product design could represent a risk in certain areas of the world affected by water stress or the lack of adapted infrastructures for wastewater collection and treatment. Similarly, the use of predominantly plastic containers may represent an environmental risk with regard to the disposal of plastic waste, depending largely on the collection and treatment channels available.

Risk related to changing stakeholder and consumer expectations in terms of environmental performance

The choices made by certain categories of consumers may be increasingly influenced by the impact associated with the use of a product (its carbon footprint, its water footprint, its impact on biodiversity) and by the Group's overall environmental performance, particularly in terms of reducing its CO_2 emissions in all Scopes. If the Group is unable to anticipate changes in such behaviours, meet stakeholders' expectations, overcome major environmental and social challenges and respond with appropriate product innovation, a significant contribution in the transition towards a low carbon economy and the preservation of water, natural resources and biodiversity within its value chain, the Group's performance and reputation could be affected.

Risk of regulatory non-conformity

L'Oréal operates through subsidiaries located in many countries. Like any international business, L'Oréal is subject to a wide range of constantly changing local laws and regulations in the areas of safety and the environment. This mainly concerns efforts to combat climate change, and the preservation of water resources, biodiversity and natural resources. This exposes it to the risk of regulatory non-conformity or higher compliance costs for its activities in a global context of increasingly diverse standards.

MAIN SOCIAL RISKS

Employee health and safety risk

Given L'Oréal's activities, particularly its industrial operations, there could be a risk of occupational injuries or illnesses. Psychosocial risks may affect employees' mental health. This could also have an adverse impact on their commitment and, consequently, on the Group's performance.

Human resources management risk

One of the keys to L'Oréal's success lies in the talent of its employees to ensure its growth. This is all the more true as L'Oréal is evolving within a complex, highly competitive and rapidly changing environment (globalisation, diversity and inclusion challenges, sustainability issues, acceleration of the digital transformation etc.) that requires specific expertise. The Covid-19 health crisis has had a significant impact on the job market, with new employee expectations, particularly with the introduction of a sustainable hybrid mode, alternating between on-site and remote working. If L'Oréal fails to identify, attract, recruit, retain and develop competent and involved employees who behave responsibly within diverse teams, the development of its activities and its results could be affected.

MAIN HUMAN RIGHTS RISKS

The Group expanded its mapping by identifying the potential salient human rights risks worldwide and in all markets. L'Oréal relied on the reporting framework of the United Nations Guiding Principles on Business and Human Rights (UNGP Reporting Framework). This identification process takes into consideration the severity, scale and remediability, as well as the likelihood of its impacts for people throughout its value chain. This study was conducted with an NGO specialised in the subject providing an independent analysis, and was reviewed by different external stakeholders. The most salient human rights risks are:

- discrimination against Group employees or workers within its value chains on grounds of gender, age, disability, gender identity and sexual orientation;
- child labour within the Group's value chain and our raw materials supply chain;
- modern slavery within the Group's value chain and our raw materials supply chain;
- non-payment of living wage in the value chain;
- a lack of worker voice mechanisms, social dialogue, freedom of association and collective bargaining in our value chain;
- the mental health of Group employees; and
- the contribution to reinforcing gender stereotypes via advertising.

Other potential risks identified concern the possibility of failures in product quality or safety or in data protection, respect for the environment, the right to access water, consideration of human rights in the choice of raw materials and, in particular, respect for free, prior and informed consent of indigenous peoples.

MAIN CORRUPTION RISKS

L'Oréal operates in many countries where the risk of corruption can be significant and could lead L'Oréal's employees, as well as third parties acting in its name or on its behalf, directly or indirectly, voluntarily or involuntarily, to adopt practices contrary to the Group's ethical principles and the prevailing regulations. Corruption takes a variety of forms that are not necessarily easy for employees to identify. For instance, the exchange of gifts or invitations of excessive value could be perceived as corruption.

Corruption risk is assessed by specific mapping, carried out at the Group level and by each country in its local context. The Group's activities involve in particular relations with:

- public authorities and their representatives, either directly or via intermediaries or professional bodies, to obtain the authorisations necessary for the Group's activities, for instance. The countries in which the Group operates must be given support in the fight against public corruption;
- the Group's customers and suppliers; and
- journalists, doctors etc., to whom products can be given so that they can recommend them. Relationships are also maintained with third parties that, beyond the Group's products themselves, issue various or general opinions on L'Oréal. Any action potentially deemed as being intended to cause the persons in question to breach their obligation of loyalty must be avoided.

Any breach of the Group's corruption prevention principles may be detrimental to L'Oréal and its partners. Equally, any failure of a partner may be detrimental to L'Oréal.

4.3. Policies, performance indicators and results

The Group's policies address the **need to prevent and mitigate the occurrence of the main CSR** risks and aim to contribute to **its sustainable growth** in a control environment aligned with its businesses. There are however limits inherent in any system and process. These limits result from several factors, such as external uncertainties, or issues resulting from technical or human failures. These policies also reflect a proactive approach by the Group to consider stakeholder expectations (see subsection 4.1.5.).

4.3.1. An ambitious environmental policy

The Group has a long-standing commitment to reducing its environmental footprint and aspires to be one of the most exemplary companies in this field. L'Oréal wishes to decorrelate growth and environmental impact. L'Oréal also wishes to contribute positively to its ecosystem throughout the world, particularly through its impact funds, brand commitments, and social programmes such as the *Inclusive Sourcing* programme.

- In 2013, L'Oréal launches the *Sharing Beauty With All* programme, based on four pillars: "Innovating sustainably", "Producing sustainably", "Living sustainably" and "Developing sustainably"
- In 2016, the *Working Sustainably* programme is rolled out within *Sharing Beauty with All* to integrate administrative sites and research centres to mitigate environmental and social impacts
- In 2017, L'Oréal joins the Science-Based Targets programme, an initiative of CDP, the United Nations Global Compact, the World Resources Institute, and the NGO WWF. The Group thereby plans to reduce its overall greenhouse gas emissions by 25% compared with 2016 by the end of 2030

- In 2018, to progress further with regard to the individual Act4nature commitments, L'Oréal sets a goal of ensuring that 100% of its raw materials are renewable and sustainably sourced by 2030
- In 2018, L'Oréal becomes a partner of the Ellen MacArthur Foundation, with the aim of adopting refillable, reusable, recyclable, or compostable plastic for 100% of packaging by 2025
- In 2019, L'Oréal becomes one of the first companies to sign the "Business Ambition for 1.5°C" Pledge of the UN Global Compact The Group thereby commits to reaching zero net emissions by 2050 over its entire value chain, according to the 1.5°C pathways of the IPCC[1].
- In June 2020, the Group announces the follow-up sustainability programme to the *Sharing Beauty With All* programme: L'Oréal for the Future. It sets a second generation of particularly ambitious and specific objectives for 2030 for combatting climate change and preserving natural resources. These cover all impacts associated with the Group's value chain and its sites: from the search for renewable ingredients and the sustainable sourcing of raw materials to the transportation of products, their consumption, and their end of life

L'Oréal seeks to ensure that its activities respect the "planetary boundaries", meaning what the planet can withstand, as defined by environmental science.

Policy	Risks	Indicators and principal results
4.3.1.1.1. An ambitious EHS policy shared by all	Industrial risks Physical and transition risks associated with climate change Risk of regulatory non-conformity	• A worldwide organisation and a unique reference manual • A worldwide audit programme: 39 EHS audits • A continuous improvement process: 35 ISO 14001 certifications, 27 ISO 50001 certifications, 35 ISO 45001 certifications (factory scope) • A process of systematic integration of new sites
4.3.1.1.2. Managing risks and controlling the impact of sites on their environment	Industrial risks Risks related to the use and end of life of products	• An environmental analysis conducted on a regular basis and whenever a significant change occurs • Consideration of biodiversity and land use in the design or operation of sites • Monitoring of surface water: no accidental spills • Monitoring of factory wastewater: wastewater quality index (0.36g COD/FP)☑ • Monitoring of air emissions, excluding greenhouse gases: SO_2 0.1t; • Monitoring of noise pollution

4.3.1.1.3. Fighting climate change	Industrial risks
	Risks related to the use and end of life of products
		• Reducing greenhouse gas emissions for operated sites (Scopes 1 and 2, according to the GHG Protocol):
		  • -65% for industrial sites (compared with 2019)
		  • -89% for administrative sites and research centres (compared with 2019);
		• Reducing site energy withdrawal:
		  • 756,572 MWh for industrial sites;
		  • 155,601 MWh for administrative sites and research centres;
		• increasing renewable energy use: part of renewable energy used by operated sites:
		  • 90% for industrial sites;
		  • 94% for administrative sites and research centres;
		• Preserving water resources: total water withdrawal of sites:
		  • -10% for industrial sites (in litres per finished product compared with 2019);
		  • +6% for administrative sites and research centres (in litres per 100 hours worked compared with 2019);
		  • 5 Waterloop factories at the end of 2023;
		• Preserving biodiversity:
		  • 97 biodiversity inventories carried out;
		  • at the end of 2023, 90 sites, i.e. 84% of L'Oréal sites with control over their outdoor green spaces cultivated them without the use of phytosanitary products;
		• Reducing waste and preserving natural resources:
		  • total generation of transportable waste from sites (excluding sludge):
		  • -8% for industrial sites (in grams per finished product compared with 2019);
		  • +9% for administrative sites and research centres (in kg per 100 hours worked compared with 2019);
		• recovery index:
		  • 97% for industrial sites,
		  • 94% for administrative sites and research centres;
		• material recovery index:
		  • 61% for industrial sites,
		  • 49% for administrative sites and research centres.

4.3.1.1.4. Preserving site water resources	Industrial risks	
4.3.1.1.5. Protecting biodiversity on operated sites	Industrial risks	
4.3.1.1.6. Preserving resources and reducing waste on operated sites	Industrial risks Risk related to changing stakeholder and consumer expectations in terms of environmental performance	

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *Intergovernmental Panel on Climate Change.*

Policy	Risks	Indicators and principal results
4.3.1.2. Involving suppliers in the Group's transformation	Industrial risks Physical and transition risks associated with climate change	• 95% of direct and indirect strategic suppliers were evaluated on the basis of their environmental and social performance • 790 suppliers participated in CDP Supply Chain, representing 85% of the 926 suppliers invited • Engaging suppliers: 1,242 social audits were conducted in 2023 ☑; • 965 suppliers have had their social, environmental and ethical policies evaluated by EcoVadis • in 2023, 93,165 people gained access to work through our worldwide Inclusive Sourcing programme; • Reducing Group emissions from product transport (Scope 3 as per the GHG Protocol): CO_2 emitted by transportation: -9.7% (tCO_2 eq./unit sold compared with 2016)
4.3.1.3. Sustainability: from product design to end consumer	Risks related to the use and end of life of products Risk related to changing stakeholder and consumer expectations in terms of environmental performance	• 96% of the Group's products have an improved environmental profile; • 65% of our ingredients in formulas are from biobased sources, derived from abundant minerals or from circular processes • "Zero Deforestation" commitment: 100% of purchases of palm oil and of palm oil and palm kernel derivatives have been certified as sustainable according to the RSPO criteria[(1)] • 44% of the Group's plastic packaging is refillable, reusable, recyclable or compostable • 99% of the advertising displays at points of sale follow eco-design rules • Number of people who have benefitted from the commitment of our brands: over 4 million
4.3.1.4. Meeting the most demanding climate standards **4.3.1.5. Contributing to solving the environmental challenges of the world**	Physical and transition risks associated with climate change Risk related to changing stakeholder and consumer expectations in terms of environmental performance	• GHG assessment, an annual exercise: Scopes 1, 2 and 3: 11,501 thousand tonnes of CO_2 equivalent; • Climate commitments relating to Scope 3 (*Science-Based Targets, Pledge of the UN Global Compact: "Business* Ambition for 1.5°C"); • Adapting the model to the climate emergency: alignment with the TCFD principles • Alignment with the European Taxonomy, the priority target of which is the sectors with the largest environmental footprint, in which L'Oréal is not included

4.3.1.1. A strategy and ambitions centred on sustainability

4.3.1.1.1. An ambitious EHS policy shared by all

A pioneering, socially responsible company, L'Oréal applies an ambitious Environment, Health and Safety (EHS) policy to minimise its environmental impact and guarantee the health and safety of employees[(2)], customers, and the communities in which it carries out its business activities.

This has been reflected, for many years, in the desire to systematically control the risks related to the safety of people and the environment that are inherent in the Group's business activities. A risk assessment and action plans aim to reduce the potential impacts of:

- any establishment or renovation of a site;
- any introduction of new equipment or manufacturing processes; and
- any modification of industrial processes.

This commitment has led to the deployment of the Group's EHS policy over the entire spectrum of its business activities, but also beyond it. Indeed, the Group strives to ensure the regulatory compliance of its activities and compliance with its standards on its sites (industrial or administrative sites, research centres, stores). The Group also ensures that its subcontractors and suppliers respect the safety of people and the environment through a specifically dedicated audit programme.

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *Roundtable on Sustainable Palm Oil.*
(2) *The Health and Safety policy addressing the health and safety risk of employees (see subsection 4.2.2.) is presented and described in the Human Resources policy (see subsection 4.3.2.).*

A SYSTEM BUILT UP OVER MANY YEARS

1991
- Organisation and consolidation of EHS procedures and reporting for the Operations Department.

1996
- First EHS audits.

2000
- Organisation of worldwide EHS governance.
- Launch of SHAP* and Root Cause analysis tools.

2004
- 1st environmental objective for the Group (reduction in energy consumption).

2008
- Evaluation of the Group's Carbon Footprint.

2009
- The Group's 1st environmental commitments for 2015 (reduction of CO_2 emissions, water consumption and waste production).
- Launch of THE SIO* and MESUR* tools.

2013
- Launch of the SBWA programme.
- Launch of Waterscan*.

2017
- Validation of the Science Based Targets*.
- The Group's first Waterloop factory.
- Launch of Energyscan*.
- Safe@Work Safe@Home programme.
- Launch of the LIFE* programme.

2018
- First RoSPA* awards.
- Launch of GHAP*.

2019
- UN Global Compact: "Business Ambition for 1.5°C", signing of the pledge.

2020
- Signing of the TCFD.
- Launch of the L'Oréal for the Future programme.
- 17 RoSPA awards.

2021
- Launch of Green Steps.
- 53 RoSPA awards.

2022
- 69 RoSPA awards.
- Sponsorship of the RoSPA "Inspiring Women in Health & Safety" award.

2023
- Three "A"s achieved under the CDP for the 8th year.
- 67 RoSPA awards.
- Submission of Net Zero objectives to SBTi.

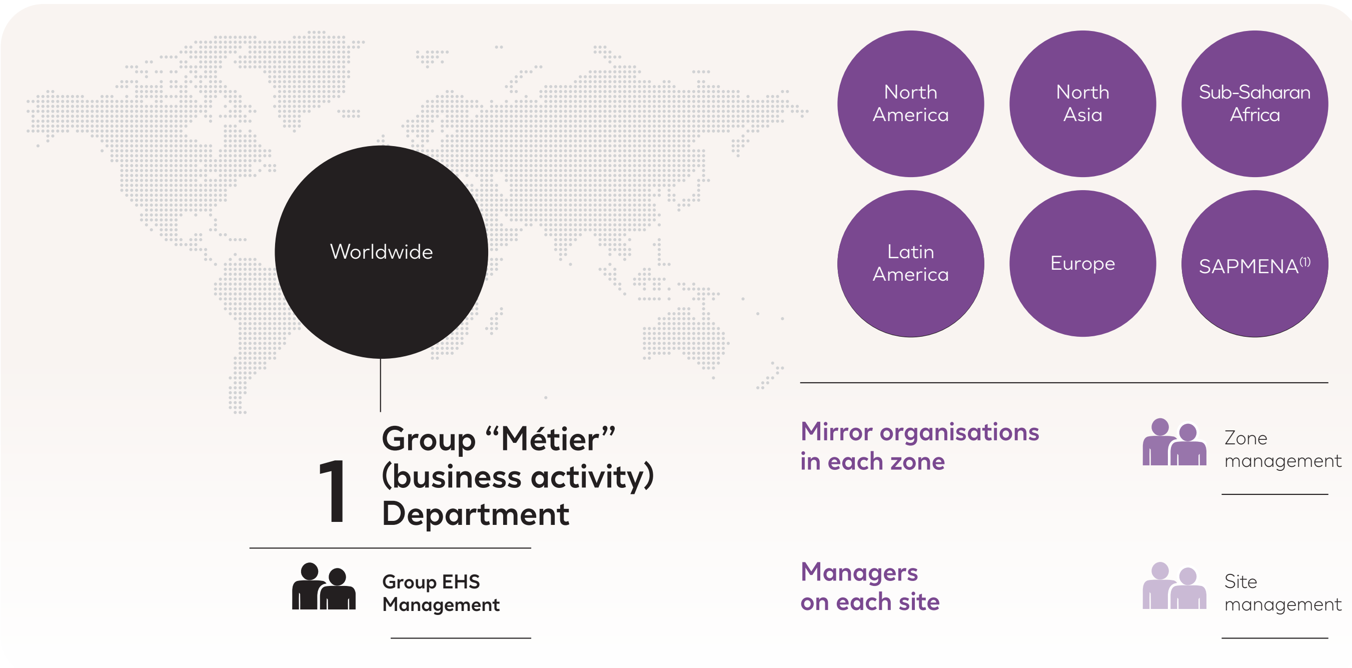
CDP: Carbon Disclosure Project.
Energyscan: A tool that makes it possible to quantify a factory's potential energy savings.
GHAP: Global Hazard Assessment Procedure.
LIFE: Life-threatening Incidents or Fatality Events.
MESUR: MESUR (Managing Effective Safety Using Recognition and Refocusing).
RoSPA: Royal Society for the Prevention of Accidents.
Science Based Targets: Commitment to reduce greenhouse gas emissions over the long term and across the entire value chain, in accordance with the Paris Agreement.
SHAP: Safety Hazards Assessment Procedure.
SIO: Safety Improvement Opportunity.
TCFD: Task Force on Climate-related Financial Disclosures.
Waterscan: A tool that makes it possible to quantify a factory's potential water savings.

A unique reference manual

The Group's EHS policy is based on stringent standards. Every site operated by the Group can refer to it using the EHS manual. While knowledge of and compliance with these procedures are fundamental, the lasting improvement of the safety results and environmental performance primarily requires the dissemination of a sustainable EHS culture to every employee. The Group implements major action programmes to improve the safety and environmental impact of its activities. A dedicated learning programme imparts this EHS culture to every level of the organisation. Lastly, a context-appropriate audit system combining both a "risk" and a "culture" evaluation ensures that activities comply with the main regulatory requirements, that Group standards are properly applied and that the EHS culture is disseminated.

A worldwide organisation

Under the responsibility of Operations, EHS is organised to cover the Group's worldwide presence. It includes a Group "Métier" (business activity or function) Department, mirror organisations worldwide, and managers at each site.



(1) *South Asia, Pacific, Middle East, North Africa.*

General Management	The Chief Operations Officer, a member of the Executive Committee who reports to the Chief Executive Officer, is responsible for Group Environment, Health and Safety.
Site managers (factories, distribution centres, administrative sites, research centres)	Site managers are responsible for the deployment and effective implementation of the policies defined. Their compensation is partially tied to their EHS performance.
EHS managers	Managers dedicated to EHS policy compliance ensure compliance with local regulations and the implementation of the rules, Group procedures and associated performance objectives in all entities.

The EHS manual defines the measures to be applied to control the facilities and activities, in particular, to reduce to the greatest extent possible the risks of harm to people, the environment and property[(1)]. In particular, it covers:

- the safety of people and property;
- fire protection;
- maintenance and repairs;
- pollution risks;
- efficiency of resource use and water and energy consumption;
- preservation of biodiversity; and
- greenhouse gas emissions, wastewater discharges, waste generation and treatment.

This EHS policy is accompanied by monthly reporting based on detailed indicators. These indicators enable changes in the results for each area above to be monitored, and anomalies and incidents to be reported.

The EHS manual is rolled out at all industrial sites, research centres, administrative sites, operated stores and points of sale.

(1) *In collaboration with the Security and Real Estate Departments for property.*

Learning programmes on EHS policy and practices

Learning sessions dedicated to L'Oréal's EHS policy and practices have been provided at all levels of the Company. They help to establish risk identification and control systems, and to embed the EHS culture at the Group's sites. Their main objectives are:

- defining and sharing the EHS vision, challenges, and values across the Group;
- enabling managers to implement the EHS policy effectively within their entities;
- identifying the EHS risks inherent in a role, task, behaviour, or the use of equipment, and establishing appropriate preventive and corrective measures; and
- enabling managers to identify, in their activities, the actions that help to improve the EHS performance of their site.

Learning	Objectives	Profiles concerned	2023 results
EHS Excellence	Guaranteeing a high level of expertise for EHS managers in the Group	EHS teams	23 people trained worldwide
Leadership & Safety culture	Managers completing learning programmes on the EHS culture of their unit	Top managers	119 people trained worldwide
Mastering DOP role		Operations Directors (DOP)	9 people trained worldwide
EHS Operations & Labs		Managers and operational supervisors	223 people trained worldwide
***Ergonomic Attitude* programme**	Learning programmes on health and safety issues specific to Operations sites	Experts, managers and employees	20 experts and 1413 employees trained (managers, technicians etc.) 21 EHS people trained as trainers

From 2020, the Group launched new remote learning courses on environmental subjects. The *Green steps for all* course, in particular, has raised awareness of the challenges related to climate, water, biodiversity, and resources among more than **45,000 employees**. Following this first worldwide campaign to raise awareness of global challenges, a second wave of learning was launched worldwide in May 2023 with *Going Sustainable Together*. This drills down on the specific challenges faced by the Group's various functions and specifically highlights the drivers of transformation for each business line. This learning module has been delivered to more than 32,000 employees since May 2023.

In addition to these specialised learning sessions, every new L'Oréal employee completes general and position-specific learning programmes about the Group's EHS rules before taking up their position.

A worldwide audit programme

To ensure compliance with the Group's EHS policy, a system of worldwide audits has been in place since 1996. Since 2001, this has been reinforced by the presence of external auditors, who are experts in local contexts and regulations. These audits take place regularly at L'Oréal sites: every three years for production sites and distribution centres and every four years for administrative sites and research centres. A follow-up visit is scheduled for the following year if necessary.

There are two types of audits: "risk" and "culture" audits. They are performed depending on the maturity, and type of activity at the sites.

Risk audits are carried out by external and independent experts. They assess in particular:

- compliance of practices and facilities with the significant requirements of local regulations, and Group procedures and rules;
- control of risks to health, safety and the environment generated by technical equipment, processes and operating modes available for use by employees; and
- progress in environmental, health, and safety performances.

The results of these audits give the Group's General Management objective knowledge of the risks in the areas of EHS on L'Oréal sites and provide the assurance that they are under control.

Culture audits are carried out by internal EHS specialists through interviews with at least 20% to 30% of the site's workforce. The leadership of site management, all operational managers and the deployment level of the EHS culture with all employees are evaluated.

The results of these audits provide information on the knowledge of EHS management tools and the maturity of sites with regard to the safety and environment culture at all structural levels.

Depending on the case, EHS audits are exclusively risk or culture audits, audits that combine risks and culture, or even audits that combine risks, culture, quality and performance.

Furthermore, L'Oréal shares with its subcontractors the objective of improving EHS performance. Audits are carried out by independent third-party specialists in addition to social audits. They are conducted on manufacturing or logistics subcontracting sites, according to the criteria defined by L'Oréal and similar to those used for the Group's entities.

In 2023, the following EHS audits were conducted:

- 22 risk audits;
- 8 combined EHS culture and risk audits;
- 8 combined Quality, Environment, Health, Safety and Performance audits and 1 combined Quality, Environment, Health and Safety audit; and
- 49 additional EHS audits of subcontracting sites in factories, and 18 in external distribution centres.

In addition, annual prevention inspections are conducted by experts from the Group's insurance companies as part of external Fire and Environment insurance policies. In 2023, 10 factories in seven countries were inspected for environmental risks. In 2023, fire prevention inspections were carried out in 15 sites (four factories in France, and 11 sites worldwide).

All the preventive audits and inspections mentioned above involved a risk component which is always carried out by external independent auditors specialised in the area being audited.

A continuous improvement process

The implementation of the standards, the spread of the L'Oréal EHS culture and the governance system in place contributes to the continuous improvement of the Group's EHS performance. Major developments occurring within the framework of the Group's Operations are also included with this same goal. The construction of a new factory, the purchase of new equipment or the definition of new processes are also opportunities to reduce the environmental footprint and safety risks.

Some major programmes within EHS, or more generally within the Group, are vectors for progress in the areas of safety or the environment for all entities. They are therefore the subject of detailed improvement plans, the effectiveness of which is evaluated during the audits.

Life-changing Incidents or Fatality Events (LIFE) programme

For all L'Oréal sites, it covers activities posing risks that, if not controlled, could result in serious injury or illness. The Group continues to move towards "**zero accidents**" by ensuring the sustainability of actions and defining the requirements in terms of preparing for emergencies following an incident. It is backed up by a three-year communication campaign relayed by managers to cover the 10 identified families of *LIFE* risks.

The L'Oréal for the Future programme

With the L'Oréal for the Future programme, L'Oréal is committed to **improving the environmental footprint of its operated sites[1].**

The main environmental objectives of the programme for operated sites are as follows:

- **climate:** to reach 100% renewable energy[2] for all operated sites by 2025;
- **water:** in 2030, 100% of the water used in our industrial processes will be from recycled and reused sources;
- **biodiversity**: by 2030, all of our operated buildings and industrial sites will have a positive impact on biodiversity compared to a baseline situation (established between 2019 and 2023);
- **natural resources:** by 2030, 100% of the waste generated in our operated sites will be reused or recycled. L'Oréal is also committed to no longer send waste to landfills.

The Group is committed to an ISO certification process in order to permanently anchor EHS performance on its production sites:

- since 2003, L'Oréal has committed to **ISO 14001** "Environmental Management" certification in all of its factories;
- in 2015, the Group launched an **ISO 50 001** "Energy Management" certification programme with the goal of certifying all its factories according to a clearly defined roadmap. Other sites (distribution centres, administrative sites and research centres) have also launched this process; and
- since 2007, L'Oréal has committed to **OHSAS 18 001, and then ISO 45 001 certification** "Occupational Health and Safety Management" certification in all of its factories.

2023 Certifications	ISO 14001		ISO 50001		ISO 45001	
	Number of sites	%	Number of sites	%	Number of sites	%
Factories	35	95	27	73	35	95

An internal communication system exists to inform each site when accidents, near misses or significant incidents occur. Specific communication is circulated worldwide to raise awareness of the facts and lessons to be learnt, the existing rules and the new requirements to be applied. Finally, each site is provided with an historical record which covers the nature and root causes of EHS incidents/accidents that have occurred in all sites.

(1) *"Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as described in chapter 4.5.1.3. Environmental data.*

(2) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data".*

A process of integrating new sites

The Group regularly acquires new sites. A formal integration process ensures that these sites[(1)] are provided with extra support and assistance in order for them become compliant with all EHS requirements defined, and to bring potential risks under control.

The purpose of this process is to enable these sites to rapidly achieve the performance level expected by the Group. It comprises:

1. a regulatory compliance audit carried out by an independent third party within six months of the acquisition;
2. deployment of the EHS processes described above (EHS manual, EHS reporting, learning, audit programme); and
3. monitoring of the integration within the Group.

4.3.1.1.2. Managing risks and controlling the impact of operated sites[(2)] on their environment

The Group systematically analyses the industrial risks of its activities, specifically their environmental impact on the soils, water or air of the places where they are performed.

Analysing in order to manage and limit risks

Each site has a general environmental analysis to be updated on a regular basis and whenever a significant change occurs.

All employee activities (permanent or temporary) are covered by an environmental analysis[(3)]. To avoid all forms of pollution (soil, surface water, groundwater, air etc.), sites must comply with the preventive measures described in the internal procedures. There are also contingency plans in the event of accidents for which the relevant persons are trained. Prevention inspections by insurers and periodic EHS audits verify that these measures are properly implemented.

Depending on the site, if significant risks are identified or if L'Oréal's standards or regulations impose specific requirements, a more detailed evaluation is carried out for the activities concerned. Appropriate, and sometimes immediate, action plans are implemented to reduce significant risks to an acceptable level.

A risk assessment and action plans aim to reduce the potential impacts of:

- any establishment or renovation of a site;
- any introduction of new equipment or manufacturing processes; and
- any changes in industrial processes.

When purchasing land or buildings, L'Oréal conducts due diligence, which includes, in particular, a review of the environmental aspects.

Biodiversity and land use

L'Oréal's biodiversity and land use commitments are based on the following principles:

- establishing ecological inventories for sites with the aim of understanding the biodiversity of the site and, through the resulting action plan, to preserve or restore it. A local expert conducts this inventory when a lease is taken out or as part of a construction project, but also for the purposes of achieving the L'Oréal for the Future objective of operated sites;
- reducing the impact of any construction on the environment: This involves keeping the carbon impact of our property business to a minimum. The Group prefers to renew our existing leases or to lease existing buildings to contribute to urban regeneration rather than urban sprawl. Where new buildings or new leases are concerned, particular attention is paid to life cycle analyses (LCA) in order to encourage the use of low-carbon construction methods;
- if possible, place the site on land located more than 30 metres from any wetland (sea, ponds, lakes, rivers etc.), outside natural areas, public green spaces, land with endangered or threatened species, or any other unbuilt areas (farmland etc.);
- prevent soil erosion resulting from wind and/or rainwater runoff during construction, including by protecting the stored arable soil layer to enable it to be reused;
- maintain or restore native natural habitats and biodiversity on the built site;
- maximise green or natural spaces on the site (even beyond local legal requirements), and minimise impermeable surfaces;
- focus on cleaning up polluted sites (e.g. brownfield sites) where development is more difficult due to real or perceived environmental contamination. This allows construction on natural or non-artificial land to be avoided; and
- for future administrative sites, lease buildings that are certified LEED Gold or Platinum (or equivalent) in mature real estate markets.

Surface water

The Group has adopted **rainwater standards to monitor quality and avoid pollution**. For instance, sites are equipped with oil separators for parking areas. Similarly, adequate retention capacities must be implemented for any storage and operating area where accidental spills are liable to occur. This retention capacity must allow for fire extinguishing water to be kept at each site.

Industrial effluent

At the end of 2023, 30 L'Oréal factories had their own **effluent treatment plant**. These plants use a range of technologies, including physical, chemical and biological processes, depending on the characteristics of the wastewater and local discharge conditions. In 2023, L'Oréal continued to increase its wastewater treatment capacity, particularly in Europe.

The sites are responsible for equipment operation and wastewater management, which are subject to specific procedures and instructions. At least once a year, an internal audit or a self-assessment of the corresponding facility is organised and documented.

Each factory has a **self-monitoring system** representative of the wastewater discharged. It serves to monitor regulated and contractual parameters such as chemical oxygen demand (COD), biochemical oxygen demand (BOD), pH, the temperature of wastewater and substances that could disrupt the operation of an internal or external wastewater management facility. This self-monitoring is a tool for detecting the risk of overshooting, which helps anticipate any non-conformities and initiate corrective actions.

(1) Excluding operated stores.

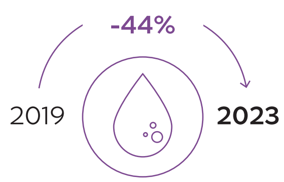
(2) "Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as described in chapter 4.5.1.3. Environmental data

(3) Including routine and maintenance activities.

In 2023, the total COD of wastewater leaving the Group's factories was 0.36g☑ per finished product, a decrease of 38% in absolute terms and of 44% per finished product compared to 2019. These reductions are related to the operational start-ups of new effluent treatment plants and the optimisation and extension of existing treatment plants at several Group factories.

Wastewater quality index

As part of L'Oréal for the Future, the Group has established an internal standard for industrial effluent quality leaving the sites. By 2030, 100% of the wastewater leaving the sites must not exceed a COD of 1,000 mg COD/l. If local regulations impose a lower threshold, the site must comply with the lower value. At year-end 2023, 22 factories were in compliance with this internal standard, representing 59% of the Group's factories.



(grams of COD per finished product)

Scope: production sites	2022	2023
Accidental spills *(number of instances)*	0	0
Wastewater at the exit of the site *(m^3)*	1,020,362	1,060,464 ☑
COD at the exit of the site *(in tonnes)*	2,218	2,467 ☑

The Group's air emissions, excluding greenhouse gases

In addition to greenhouse gases, L'Oréal works continually to control its atmospheric emissions. Every month, the Group's sites collect data in order to calculate the quantity of sulphur dioxide (SO_2) emitted into the atmosphere. These emissions are calculated based on fuel consumption and sulphur content. The operation and maintenance of atmospheric emission collection and treatment facilities are subject to specific procedures and instructions.

The quantity of SO_2 emitted by all the sites operated by the Group totalled 0.14 tonnes in 2022 and 0.10 tonnes in 2023, representing a reduction of 29%.

Noise pollution

L'Oréal's industrial activities are not particularly noisy. The sites comply with the applicable noise standards. Internal environmental reporting is one way to ensure monthly readings of any non-conformity on this issue.

Provisions for environmental risks

The amount of the provisions for environmental risks is not material (see note 13.1 of the Consolidated Financial Statements).

4.3.1.1.3. Efforts to fight climate change on operated sites [(1)]

L'Oréal has set itself a major objective of fighting climate change in the overall exercise of its activities. Every effort is being made to reduce greenhouse gas emissions, particularly at the sites where its activities are performed.

Compared to other industries, the cosmetics industry has lower energy consumptions and lower CO_2 emissions. There are no carbon pricing mechanisms (taxes and emissions trading systems) provided for by international, national or regional regulations that apply to L'Oréal at the end of 2023. This includes all industrial and administrative sites, as well as research centres. However, L'Oréal has been committed to the efforts to fight climate change for many years and applies a proactive policy for the reduction of its CO_2 emissions.

To limit its impact on climate change, L'Oréal has implemented a strategy for reducing the carbon intensity of its sites, which is based around three pillars:

- reducing energy needs by implementing energy sobriety approaches and by improving the energy efficiency of its facilities (buildings, equipment, industrial processes etc);
- using local renewable energy; and
- containing cooling gas leaks and using refrigeration fluids that have a low impact on global warming.

This decarbonisation strategy is implemented without the use of carbon offsets.

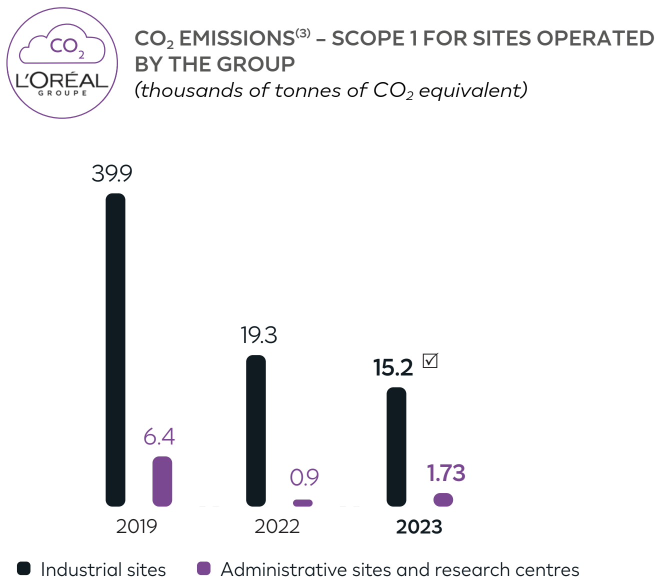
☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *"Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as specified in the methodological notes (paragraph 4.5.1.3).*

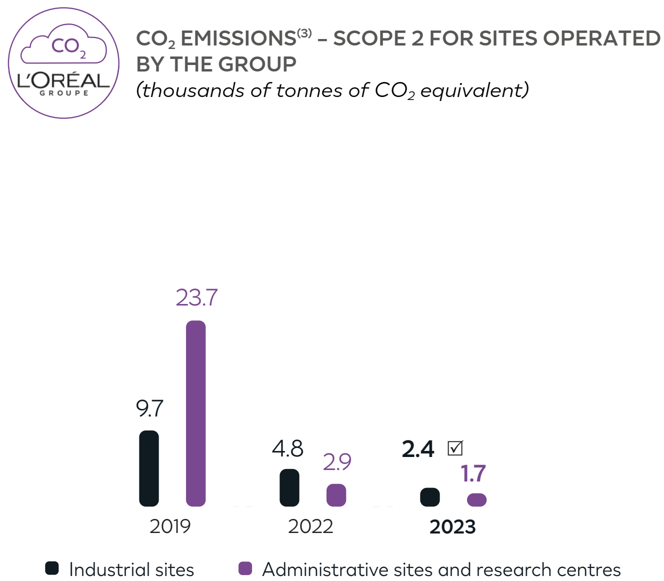
Aligning greenhouse gas emissions with the GHG Protocol

The Group calculates and monitors the greenhouse gas (GHG) emissions linked to all its activities according to the GHG Protocol. These emissions are defined as follows:

- Scope 1 emissions: direct GHG emissions from sources controlled or held by the Group. This includes the consumption of gas and fuel oil across all operated sites (factories, distribution centres, administrative sites, research centres) and operated stores. Estimated figures are also included for any other facilities with fewer than 50 permanent administrative staff. Emissions associated with any cooling gas leaks are included. The emissions associated with the use of fuel by the Group's vehicle fleet are also included;
- Scope 2 emissions: indirect GHG emissions linked to electricity, heating, cooling and steam purchased across all operated sites (factories, distribution centres, administrative sites, research centres) and operated stores. Estimated figures are also included for any other facilities with fewer than 50 permanent employees. The emissions associated with the electricity consumed by the Group's vehicle fleet are also included; and
- Scope 3 emissions: other indirect GHG emissions linked in particular to the product supply chain (upstream emissions) and the use of products and services during their life cycle (downstream emissions)[1].

CO_2 emissions – Scopes 1 and 2 for operated sites [2]





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

In 2023, CO_2 emissions of operated sites decreased by 74% compared with 2019, while production increased by 12% compared with 2019. CO_2 emissions from industrial sites decreased by 65%.

In 2023, CO_2 emissions of administrative sites and research centres decreased by 89% compared with 2019, while hours worked on site decreased by 27% compared with 2019.

This reduction at administrative sites and research centres was achieved thanks to the decrease in energy consumption since 2019 and the increased use of renewable energy for a large number of sites. Indeed, energy consumption was down 17% from 2019, and the share of renewable energy rose to 94% ☑ (compared with 51% in 2019). The widespread use of remote working also had a beneficial impact on this result, thanks to the reduced presence of teams on site.

Comprehensive Scope 1 & 2 emissions data, including the emissions of the vehicle fleet and operated stores, can be found in subparagraph 4.3.1.4.1.

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *See subparagraph 4.3.1.4.1. GHG assessment: an annual exercise, Scope 3 – emissions estimated annually.*
(2) *"Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as specified in the methodological notes (paragraph 4.5.1.3)*
(3) *Data restated according to the rules specified in the methodological notes (see paragraph 4.5.1.3).*

-65%

2019  **2023**

(in absolute terms: tonnes of CO_2 equivalent at constant scope, as per the GHG Protocol)

-89%

2019  **2023**

(in absolute terms: tonnes of CO_2 equivalent at constant scope, as per the GHG Protocol)

-74%

2019  **2023**

(in absolute terms: tonnes of CO_2 equivalent at constant scope, as per the GHG Protocol)

L'ORÉAL FOR THE FUTURE
TARGET 2025: -100%

1. Reducing energy consumption and withdrawal

For 20 years, the Group has focused on reducing its energy consumption. These efforts primarily target three areas:

- rolling out **energy sobriety** initiatives;
- continuously improving **industrial processes** and associated equipment;
- optimising building **energy consumption.** In this respect, any new Group building has to comply with the strictest environmental standards. In particular, they must be LEED Gold certified or equivalent during construction or refurbishment;

In order to reduce energy withdrawal from the grid and to speed up the roll out of renewable energy production facilities in the Group's operated sites, a new performance indicator – energy withdrawal – has been put in place. This will replace the energy consumption reduction indicator from 2023, and it will become the reference indicator for energy within the L'Oréal for the Future programme. However, our sites' performance in terms of energy consumption reduction will still be subject to specific monitoring. Energy withdrawal is calculated by taking the energy consumption and subtracting the energy that is produced and consumed on-site (self-consumption(1)) without recourse to off-site resources to produce this energy (particularly electricity grids, gas networks, biofuels and biomass).

Reducing energy withdrawal is based on two drivers:

- increasing on-site self-consumption capacity by installing photovoltaic and thermal solar panels (on the ground, rooftops or car park canopies) and using geothermal and heat pump solutions. These facilities use the site's available energy (sunlight, heating and cooling from the ground) and reduce the amount of resources extracted to serve its energy requirements;
- reducing energy consumption in relation to the proportion of energy still taken from off-site resources by implementing energy sobriety and efficiency techniques.

Under the L'Oréal for the Future programme, the Group has set itself the objective of:

- reducing the energy withdrawn by factories and distribution centres per thousand units of finished product by 40% by 2030 compared with 2019;
- reducing the energy withdrawn by administrative sites and research centres per 100 hours worked by 40% by 2030 compared with 2019.

In 2023, the total energy withdrawal of the operated sites was 912,173 megawatt-hours☑. This was a 1% reduction in absolute value compared with 2019. In 2023, withdrawal in kilowatt-hours for 1,000 finished products was 134 kilowatt-hours, down 12% compared with 2019☑.

In 2023, the total energy withdrawal at the industrial sites was 756,572 megawatt-hours ☑. This was a 3% increase in absolute value compared with 2019. In 2023, withdrawal in kilowatt-hours for 1,000 finished products was 111 kilowatt-hours, down 8% compared with 2019☑.

In 2023, total energy withdrawal at the administrative sites and research centres was 155,601 megawatt-hours ☑, a decrease of 18% in absolute value compared with 2019. The total energy withdrawal at the administrative sites and research centres was 296 kilowatt-hours per 100 hours worked ☑, a 13% increase compared with 2019 (-15% compared with 2022).

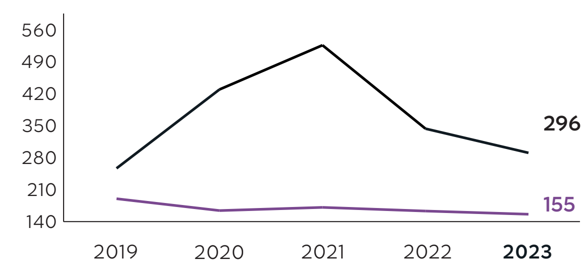
Changes in energy withdrawal intensity (in relation to the number of hours worked on site) have been significantly affected by changes in the way in which work is organised. Indeed, the on-site attendance rate has fallen sharply due to the extensive use of remote working. Moreover, industrial pilot, laboratory and pre-launch testing activities(2), which are more related to research and development projects and new product launches, consume a lot of energy regardless of the number of employees present. A minimum energy requirement is also essential for the operation of buildings and technical facilities.

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

(1) *Self-consumption is defined as the energy produced and consumed by the site meeting three criteria: (1) be physically produced by the site and (2) not pass through an off-site network to the site (3) without transferring the associated renewable attributes.*

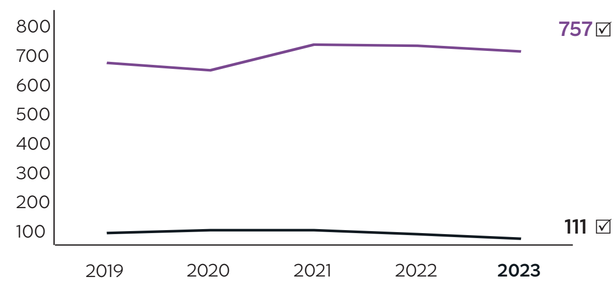
(2) *An entity reporting to R&I, tasked with producing limited quantities of bulk products or finished products (which cannot be marketed) to make them available to laboratories or business, and to help validate product design quality.*

TOTAL HOURLY ENERGY WITHDRAWAL GROUP-WIDE



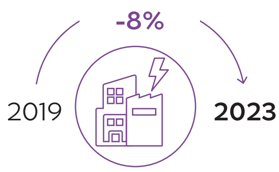
In millions of kilowatt-hours
In kilowatt-hours per 100 hours worked

TOTAL ENERGY WITHDRAWAL OF INDUSTRIAL SITES IN KILOWATT-HOURS

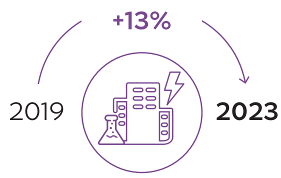


In millions of kilowatt-hours
in kilowatt-hours per 1,000 finished products

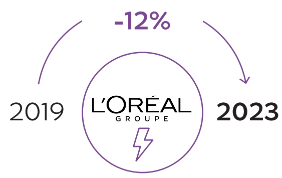
☑ *The Statutory Auditors have expressed reasonable assurance with regard to this indicator.*



(in kilowatt-hours per 1,000 finished products)



(In kilowatt-hours per 100 hours worked)



(in kilowatt-hours per 1,000 finished products)

L'ORÉAL FOR THE FUTURE
TARGET 2030: -40%

Furthermore, following the French government's announcement of the **sobriety plan** in June 2022, the Group has committed to reducing energy consumption in France and Europe by 10% compared with 2021 over the next two years.

In Europe and France, energy consumption fell by 8% and 7% respectively compared to 2021. This reduction took place in the context of a sharp increase in the production of finished products in France (+25%) and Europe (+16%) over the same period and coincides with energy self-consumption projects, such as the two photovoltaic solar power plants (mounted on car park canopies and the ground) at the Caudry industrial site that was commissioned in November 2023.

This commitment was in part based on:

- continuing to reduce the energy consumption at sites operated by the Group, all energy uses combined (heating, air conditioning, compressed air, ventilation, lighting etc.);
- reducing the heating temperature of working spaces to 19°C during winter time;
- turning off lights, window display lighting, store screens and signage at closing time;
- launching a global campaign at all sites operated by the Group to reduce the energy footprint of digital technologies; and
- signing RTE's EcoWatt charter in France.

2. Using local renewable energy

The Group uses various types of energy (electricity, gas, district heat networks, etc.) when conducting its business activities.

L'Oréal has set out an ambitious energy policy that states the mandatory use of local renewable energy by the end of 2025. The energy production and distribution markets vary significantly from country to country. This policy fosters additionnality, and consists of three pillars:

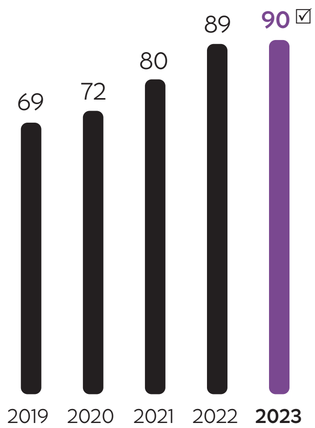
- on-site production and consumption (self-consumption); then
- setting up long-term Power Purchase Agreements (PPA) with identified sources; and finally
- purchasing renewable energy from the grid through energy supply contracts ("green supply") or buying Energy Attribute Certificates.

The supply of energy is subject to specific requirements to ensure compliance with best in class market practices and standards. For example, for renewable electricity, the electricity-generating facilities must be located, as much as possible, in the same country and be connected to the same network as the L'Oréal site, the end consumer.

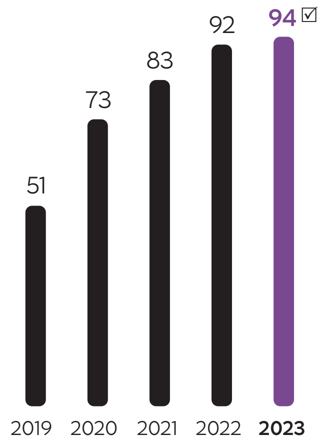
Under the L'Oréal for the Future programme, the Group has set itself the objective of 100% renewable energy[1] for all operated sites by 2025.

(1) On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data".

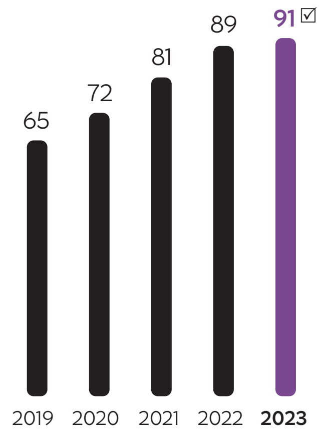
SHARE OF RENEWABLE ENERGY CONSUMED BY INDUSTRIAL SITES
(as a percentage)



SHARE OF RENEWABLE ENERGY CONSUMED BY THE ADMINISTRATIVE SITES AND RESEARCH CENTRES
(as a percentage)



SHARE OF RENEWABLE ENERGY AT GROUP LEVEL



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

L'ORÉAL FOR THE FUTURE
TARGET 2025: 100%

In 2023, 90% of the energy consumed by the factories and distribution centres was renewable☑. For the administrative sites and research centres, this percentage amounted to 94% of the energy consumed ☑. For all operated sites, this figure is 91% ☑.

BREAKDOWN OF 2023 CONSUMPTION BY ENERGY TYPE

	Administrative sites and research centres		Industrial sites		Total operated sites	
	2022	**2023**	**2022**	**2023**	**2022**	**2023**
Renewable electricity (MWh)	111,751	113,902	402,706	410,731	514,457	524,633
Biogas (MWh)	20,209	18,903	203,312	196,593	223,521	215,495
Other renewable energies (MWh)[1]	17,916	18,845	86,402	92,678	104,318	111,523
Total renewable energy consumption (MWh)	**149,876**	**151,649**	**692,420**	**700,002**	**842,296**	**851,651**
Non-renewable electricity (MWh)	5,485	2,821	10,977	5,308	16,462	8,129
Gas (MWh)	1,110	606	69,609	60,526	70,719	61,133
Fuel (MWh)	184	88	6,696	6,940	6,880	7,028
Non-renewable heat, cooling and steam networks (MWh)	6,259	5,759	1,763	1,892	8,022	7,651
Total non-renewable energy (MWh)	**13,038**	**9,274**	**89,045**	**74,666**	**102,083**	**83,940**
TOTAL ENERGY CONSUMPTION (MWH)	**162,914**	**160,923 ☑**	**781,465**	**774,668 ☑**	**944,379**	**935,591 ☑**

☑ *The Statutory Auditors have expressed reasonable assurance with regard to this indicator.*
(1) Biomass including wood and wood waste; renewable heat, cooling, and steam networks; solar thermal energy; biofuels.

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

3. Managing the impacts of cooling gas

Cooling gases which are used in equipment to produce cooling (e.g. chillers) and heating (e.g. heat pumps) at sites operated by the Group are regularly monitored and reported in the monthly EHS reporting tool.

A reduction strategy for greenhouse gas emissions associated with cooling gases has been implemented following a comprehensive inventory of the equipment that use cooling gases at each site. It is based on two pillars: detecting and managing leaks and replacing conventional cooling gases with alternative cooling gases that have low global warming potential (or GWP[1]).

Cooling gas leaks *(thousand tonnes of CO_2 equivalent)*	**2022**	**2023**	**Variation vs. 2022**
L'Oréal Group	**5,492**	**3,891**	**-29%**
Industrial sites	4,861	2,295	-53%
Administrative sites and research centres	630	1,596	+153%

4.3.1.1.4. Preserving site water resources

L'Oréal Group aspires to preserve water resources throughout its value chain, especially at each of its operational sites. The action plans implemented around the world are based notably on the following key principles:

- **mapping the volumes of water used**, with L'Oréal's *internal Waterscan tool comprehensively analysing the various uses of water in the Group's factories.* Each usage type is quantified and compared with a benchmark value to identify potential reduction;
- **installing equipment and processes for reduction**. This concerns in particular the cleaning phase of production equipment and packaging lines in factories, and is based on the OPTImisation Cleaning In Place (OPTICIP) approach developed by L'Oréal; and
- **reusing untreated industrial water** for a new purpose and recycling the water used, after a specific additional treatment step.

At the end of 2023, 15 Group factories had these recycling facilities and were able to reuse water in industrial processes.

For several years now, L'Oréal has been using wastewater treatment systems and water loops for treated water in its factories, as part of its policy to reduce water withdrawal. This recycled water is then used for the site's industrial processes (cooling, heating, cleaning equipment etc.), which means that fresh water consumption can be significantly reduced.

Having piloted this for several years, L'Oréal has decided to adopt this as a general practice, therefore strictly limiting the use of mains water or water drawn from the on-site ground water to the volumes required to meet the demands for domestic water and necessary for production only. Sites that exclusively and consistently use reused or recycled water for their industrial processes are known as "Waterloop factories". This means that the water required by the utilities (cleaning equipment, steam production etc.) is derived from **water that is reused or recycled on the site**.

The L'Oréal for the Future programme has set the following objective: in 2030, 100% of the water used in industrial processes will be recycled and reused, i.e. 100% of our factories will be Waterloop factories. The objective of using 100% recycled or reused water in our industrial processes will be measured using an indicator to be introduced in 2024 that will identify our progress towards this goal.

At the end of 2023, 5 factories were awarded the status of Waterloop Factory, *i.e.* **14%** ☑ of the Group's factories.

L'ORÉAL FOR THE FUTURE

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

The "Waterloop Factory" concept

The Waterloop factory concept involves using municipal water only for human consumption and for producing the high-quality water used as a raw material for product manufacturing. This means that the water required by the utilities (cleaning equipment, steam production etc.) is derived from **water that is reused or recycled on the site**.

It involves a two-step plan of action:

- optimising industrial processes to minimise water use, which reduces water withdrawals; and
- installing a water recycling system: industrial effluent is pre-treated in the on-site treatment plant. It is then treated using various technologies (ultrafiltration, nanofiltration, reverse osmosis etc.) to extract very high-quality water. This water is then used in a loop instead of mains water or ground water, for cleaning production tools and for utilities. Water requirements for utilities are therefore fully covered.

The Waterloop factory concept was adopted for the first time in 2017 by the Burgos factory in Spain. In 2023, it was extended to the factories in Settimo (Italy), Vorsino (Russia), Libramont (Belgium) and Yichang (China). It will gradually be rolled out to all Group factories in an order based on local water stress. Waterloop status involves, as an essential requirement, an excellent operational control of water distribution, collection and treatment facilities.

(1) *A unit of measurement that can be used to assess the warming potential of a greenhouse gas on the basis of its ability to absorb heat and its lifetime in the atmosphere. This value is measured in relation to CO_2 Conventionally, the GWP of CO_2 is 1, whereas that of methane, for example, is 29.8 (IPCC Sixth Assessment Report, 2021). Cooling gases (HFC, HCFC) are powerful greenhouse gases. For example, the global warming potential (GWP) of R410a is 2,256. This means that each kilogramme of R410a released into the atmosphere corresponds to 2,256 $kgCO_2eq$.*

WATER WITHDRAWAL AT OPERATED SITES [1]

Under the L'Oréal for the Future programme, the Group has set itself the objective of:

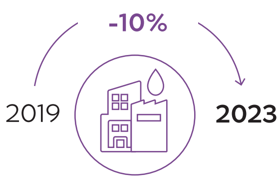
- reducing the water withdrawn by factories and distribution centres per unit of finished product by 30% by 2030 compared with 2019;
- reducing the water withdrawn by administrative sites and research centres per 100 hours worked by 30% by 2030 compared with 2019.

Total water withdrawal at operated sites was 2,523 thousand m^3, down 3% compared with 2019. Industrial sites reached 2,204 thousand m^3 ☑in 2023, up 1% compared with 2019, while the production of finished products increased by 12% over the same period. Water withdrawal for operated sites was 0.37 litres per finished product in 2023☑, a decrease of 13% from 2019, including 0.32 litres per finished product☑ in 2023 for industrial sites (down 10% on 2019).

Total water withdrawal at administrative sites and research centres was 318 thousand m^3 in 2023, down 23% compared with 2019. Water withdrawal was 605 litres per 100 hours worked in 2023 ☑, an increase of 6% compared with 2019 (- 7% on 2022).

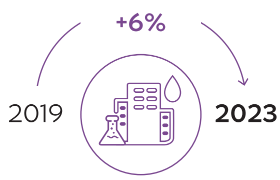
Changes in water withdrawal intensity (in relation to the number of hours worked on site) have been significantly affected by changes in how work is organised. However, while domestic consumption is proportional to the presence of employees on site, this is not the case for all water uses. For example, industrial pilot, laboratory and pre-launch testing activities, which are more related to research and development projects and new product launches, consume a lot of water regardless of the number of employees present. In addition, a minimum amount of water withdrawal is required to maintain and clean technical facilities.

WATER WITHDRAWAL AT INDUSTRIAL SITES



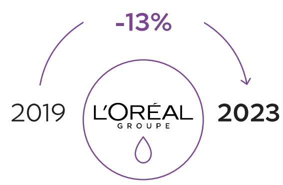
(in litres per finished product)

WATER WITHDRAWAL AT ADMINISTRATIVE SITES AND RESEARCH CENTRES



(in litres per 100 hours worked)

WATER WITHDRAWAL GROUP-WIDE



(in litres per finished product)

L'ORÉAL FOR THE FUTURE
TARGET 2030: -30%

WATER CONSUMPTION AND QUANTITATIVE WATER FOOTPRINT OF PRODUCTION SITES

In 2021, in order to take into account the local dimension of water-related issues, the Group created a new indicator: the quantitative water footprint. It is calculated based on a site's the water consumption[2] and the level of water stress of the local watershed.

The quantitative water footprint is calculated solely for factories, as these account for most (84% in 2023) of the Group's water withdrawal across all sites.

At the end of 2023, 13 of the Group's 37 factories (35%) were situated in water stressed watersheds.

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *"Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as specified in the methodological notes (see paragraph 4.5.1.3).*
(2) *Difference between the water withdrawal and the wastewater at the exit.*

Water consumption and quantitative water footprint of the Group's factories	2022	2023
Municipal water withdrawn (or other supplier) (m^3)	1,811,979	1,911,431
Rainwater (m^3)	0	0
Groundwater (m^3)	256,370	208,578
Total withdrawal (m^3)	2,068,608	2,120,009☑
Wastewater at the exit of the site (m^3)	1,020,362	1,060,464 ☑
Water consumption (m^3)	1,048,245	1,059,545
Quantitative water footprint (m^3 eq.)	8,583,556	8,157,607 ☑

The Water Disclosure Project: water transparency and risk management across the value chain

Since 2010, L'Oréal has taken part in the Water Disclosure Project, of which it is one of the founding responders. This programme encourages companies to annually publish their water management strategy, their results and the projects they have launched to improve water performance and reduce water-related risk. It was launched by CDP, an independent not-for-profit organisation that promotes environmental transparency and disclosure on several issues, including climate change, water and deforestation.

In 2023, L'Oréal was recognised for the eighth consecutive year as one of the **world leaders for its strategy and actions in sustainable water management**. It received the highest possible "A" rating from CDP. These initiatives cover its entire value chain, from the production of raw materials to products being used by consumers and reaching the end of their life.

L'Oréal is also encouraging its supply chain to manage water sustainably (see subparagraph 4.3.1.2.2.).

4.3.1.1.5. Protecting biodiversity on operated sites [(1)]

The Group wishes to limit the impact of its activity on biodiversity throughout its value chain and at each site it operates. Biodiversity protection initiatives and awareness-raising activities for employees and local stakeholders have been running for several years at many sites.

L'Oréal has rules governing land use when constructing new buildings (see subparagraph 4.3.1.1.2.). In addition to these, since 2018, each site responsible for maintaining green or non-artificial spaces has been asked to put in place an appropriate structure to roll out a biodiversity roadmap. Partnerships with local external organisations (associations, specialist firms etc.) are established to carry out on-site biodiversity inventories and propose appropriate action plans **consistent with the ecosystems within which the sites operate.**

These inventories consider local, regional and national challenges, and relate to the proportion and connection of green spaces, the diversity of habitats and vegetation layers, the number of species (flora and fauna), including protected, endangered, and invasive species.

At the end of 2023, **97** sites had carried out a biodiversity inventory, which is **91%** of sites responsible for maintaining their green spaces.

For further progress, the L'Oréal for the Future programme aims to ensure that all **buildings and industrial sites** operated by the Group have **a positive impact on biodiversity by 2030** compared to a baseline situation (established between 2019 and 2023).

A methodology for monitoring this commitment was developed in 2021 and rolled out to all of the Group's sites from 2022 onwards. The status "Biodiversity Net Positive Site" is granted based on:

- **the achievement of a target for the improvement of habitat and biodiversity quality**. At site level, this improvement is measured using an internal indicator called the Site Biodiversity Score (SBS). The information required to calculate it is taken from biodiversity inventories. This indicator assesses and monitors the quality of biodiversity on a given site. Sites without the control on green or non-artificial spaces must engage in offsite projects, whose evolution in terms of biodiversity quality is integrated into the calculation of the SBS of the site; and
- **achieving a target for propagating a biodiversity culture**. The development of a biodiversity culture involves educating and training all teams at a site, incorporating biodiversity considerations into the rollout of new projects (extending a building etc.) and into the everyday life of the site (light pollution, phytosanitary products, awareness of food waste etc.). The average culture score in 2023 is 1.3 out of 5.

Phytosanitary products (insecticides, fungicides and herbicides) used in the maintenance of green spaces can have adverse effects on the environment and human health. L'Oréal is therefore committed to discontinue the use of these products at its operated sites by 2030.

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

(1) *"Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as specified in the methodological notes (see paragraph 4.5.1.3).*

At the end of 2023, 90 sites, i.e. 84% of L'Oréal sites with control over their outdoor green spaces maintained them without the use of phytosanitary products.

SBS Baseline: **0.143**
SBS at end 2023: **0.151**
SBS target at end 2030: **0.219**

SBS: Site biodiversity score.

4.3.1.1.6. Preserving resources and reducing waste on operated sites

For several years, there has been an ambitious approach to waste reduction and recovery in the Group within the framework of the *Sharing Beauty With All* programme. The L'Oréal for the Future programme is continuing this work. This is an ambitious challenge in light of L'Oréal's exacting definition of waste. Indeed, any substance, product or material leaving a site that is not a finished product intended for consumption is considered as waste, regardless of how it is treated.

As part of the L'Oréal for the Future programme, the Group has set targets to **reduce the waste it generates** by 2030:

- reducing the waste generation of factories and distribution centres by 30% per finished product compared to 2019; and
- reducing the waste generation of administrative sites and research centres by 30% per 100 hours worked compared to 2019.

L'Oréal continued to work towards its "zero waste to landfill" objective (unless required by regulation).

Reducing waste generation at source

The reduction of waste generation **involves the Group's entire value chain**, and is enabled in particular by:

- **eco-designing products**, packaging articles and transportation packaging in a way that aims to reduce waste and improve their recyclability (weight reductions, optimisation, reuse etc.);
- **mapping the waste generated** using the *WasteScan* tool, an in-house L'Oréal tool that carries out a comprehensive analysis of the different types of waste on site, particularly for the Group's industrial sites. Each type of waste is quantified and compared with a benchmark value in order to identify potential reductions and to prioritise any action to be taken;
- **optimising transportation packaging** of raw materials and packaging components received in the Group's factories. The development of the wall-to-wall[1] approach is a particularly effective means of reducing waste related to the supply of components at source;
- **a continuous improvement of manufacturing, filling and packing procedures** in order to reduce losses during production;
- **management of obsolete stock** in order to reduce waste generation. In each zone, programmes combine industrial agility and improved sales forecasts. They aim to reduce product obsolescence and improve flows via the establishment of outlets, sales to employees' friends and family, sales to staff and donations to not-for-profit organisations.

In its restaurants under direct management, the Group raises employees' awareness of waste, ensures 100% of food waste is recovered and adapts the quantities served accordingly. It promotes responsible, fair trade and sustainable food by favouring local organically farmed produce, fair trade coffee, and seasonal fruit and vegetables. Campuses in the Paris region have committed to reducing plastic and recovering frying oils by turning them into biofuel. Two campuses have earned the "Mon restau responsable" label for a quality food service that respects the environment.

GENERATION OF TRANSPORTABLE WASTE FROM OPERATED SITES[2]

In 2023, 93,496 tonnes of waste (excluding sludge) ☑ were generated at sites operated by the Group (up 1%), including 88,297 tonnes of waste at industrial sites (excluding sludge) ☑ an increase of 3% compared to 2019. Over the same period, the production of finished products increased by 12%. This represents 13.7 grams per finished product ☑ for all operated sites (10% decrease) including 13.0 grams per finished product for industrial sites ☑, an 8% decrease compared with 2019.

Waste generation for the administrative sites and research centres was 5,199 tonnes in 2023 (excluding sludge) ☑, representing a 20% decrease compared with 2019. This represents 9.9 kilograms per 100 hours worked ☑, an increase of 9% compared with 2019 (-10% compared with 2021).

Changes in waste generation intensity (in relation to the number of hours worked on site) have been significantly affected by changes in the way in which work is organised. Indeed, since the lockdown periods, the on-site attendance rate has fallen sharply due to the extensive use of remote working.

Industrial pilot, laboratory and pre-launch testing activities, which are more related to research and development projects and new product launches, generate waste regardless of the number of administrative staff present.

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *Production of filling and packing articles close to the Group's production facilities.*
(2) *"Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as specified in the methodological notes (see paragraph 4.5.1.3).*

GENERATION OF TRANSPORTABLE WASTE FROM INDUSTRIAL SITES

-8%

2019 2023

(in grams per finished product, excluding sludge and returnable packaging in rotation, including returnable packaging at source)

GENERATION OF TRANSPORTABLE WASTE BY ADMINISTRATIVE SITES AND RESEARCH CENTRES

+9%

2019 2023

(kilograms per 100 hours worked, excluding sludge and returnable packaging in rotation, including returnable packaging at source)

GENERATION OF TRANSPORTABLE WASTE GROUP-WIDE

-10%

2019 L'ORÉAL GROUPE 2023

(in grams per finished product, excluding sludge and returnable packaging in rotation,including returnable packaging at source)

L'ORÉAL FOR THE FUTURE

TARGET 2030: -30%

Tracking of transportable waste

In addition to tracking of waste by type, an approach to account for waste by cause has been used since 2019 at all the Group's factories and distribution centres. This method identifies and quantifies the sources and causes of waste generation in the flows of a site. This approach strengthens the action plans to reduce waste and is an additional vector of progress for the sites.

At each Group site, specific tracking (volumetry, collection streams, treatments etc.) of hazardous waste is implemented under local regulations (flammable, toxic etc.). This tracking takes into consideration the specific characteristics of each country in which the sites operate. Like other waste, hazardous waste management benefits from a continuous improvement process which has allowed wastewater to be reclassified as hazardous waste to improve the way it is treated.

Hazardous waste[(1)] *(tonnes)*	2021	2022	2023	Variation vs. 2022
L'Oréal Group	**19,815**	**22,871**	**22,526**	**-2%**
Industrial sites	19,200	22,357	22,019	-2%
Administrative sites and research centres	615	514	507	-1%

(1) Data restated according to the rules specified in the methodological notes (see paragraph 4.5.1.3).

Recovering the waste generated

	Administrative sites and research centres		Industrial sites		Group	
	2022	**2023**	**2022**	**2023**	**2022**	**2023**
Transportable waste excluding returnable packaging in rotation with returnable packaging accounted at source (in tonnes)	**5,105**	**5,229 ☑**	**96,675**	**100,795 ☑**	**101,780**	**106,024 ☑**
Returnable packaging in rotation (tonnes) [(1)]	0	0	19,319	20,435	19,319	20,435
Total waste reused or recycled (tonnes)	2,613	2,522	69,823	72,884	72,436	75,407
Material recovery index (%)	**52**	**49 ☑**	**61**	**61 ☑**	**60**	**60 ☑**
Total waste sent to energy recovery (tonnes)	2,096	2,324	40,634	43,915	42,730	46,239
Total waste recovered (tonnes)	4,709	4,846	110,456	116,799	115,165	121,645
Recovery index (%)	**94**	**94**	**96**	**97**	**96**	**97**
Total waste incinerated without energy recovery (tonnes)	238	232	4,723	2,157	4,961	2,389
Total waste sent to landfill due to regulatory constraints (tonnes)	98	47 ☑	18	120 ☑	116	167 ☑
Total waste sent to landfill outside of regulatory constraints (tonnes)	60	98 ☑	0	55 ☑	60	153 ☑

☑ *The Statutory Auditors have expressed reasonable assurance with regard to this indicator.*

The Group has adopted an approach aimed at preserving global resources. Into this are incorporated both reduction at source and research into the best solutions for recovering the waste it produces.

Since 2020, collaborations between L'Oréal and waste treatment companies have resulted in the development of recycling solutions for unmarketable finished products that are unsuitable for donation. In 2020, a study began with the L'Oréal Research Laboratories to find material recovery alternatives for the sludge coming from the Group's wastewater treatment plants. Thanks to this work, in 2022 the Group was able to implement a specific procedure dedicated to resolving the issue.

In 2023, 97% of the waste generated by industrial sites was recovered through reuse, recycling or energy recovery. In 2023, 19 factories and 23 distribution centres had a recovery rate of 100%.

94% of the waste generated by administrative sites and research centres was recovered in 2023. In 2023, 43 administrative sites and 5 research centres had a recovery rate of 100%.

60% material recovery from waste in 2023 for the Group.

L'ORÉAL FOR THE FUTURE
2030 TARGET: 100%

There was a **61%** material recovery of the waste generated on industrial sites in 2023.☑

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

61% of waste from industrial sites was recovered through reuse or recycling to preserve the material☑ (+3 points vs 2019).

There was a **49%** material recovery of the waste generated at administrative sites and research centres in 2023.

49% of waste from administrative sites and research centres was recovered through reuse or recycling to preserve the material.

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

(1) *Returnable packaging is a packaging element that is reused in a closed loop between a L'Oréal site and a supplier. Thus, its reuse is scheduled in advance in a short cycle and involves predetermined parties once and for all.*

Since 2017, L'Oréal has been working to discontinue sending waste to landfill and has a **"zero waste to landfill"** objective for all its sites by the end of 2030 (unless required by regulation). Alongside specialist companies and local authorities, the Group strives to implement the best available processing solutions. Sites may only send waste to landfill when required by local regulations or when the nature of the waste generated requires that it is stored in specialist disposal centres.

The Group's factories and distribution centres rallied together to ensure this objective was achieved for the five consecutive years up to 2022. However, industrial sites did not achieve the "zero waste to landfill" objective in 2023 as the waste from some of the Group's factories and distribution centres was sent to landfill (without regulatory constraints). Stricter monitoring of regulatory constraints has been set up and action plans have been implemented with the aim of reaching this target as quickly as possible.

Research centres achieved the "zero waste to landfill" objective in 2023. For administrative sites, the approach is more recent, but has accelerated.

The achievement of this target is part of the more overarching circular economy approach the Group is engaged in. As far as possible, L'Oréal seeks to promote the local treatment of waste, in order to reduce the environmental impact and to create synergies with other local stakeholders.

4.3.1.2. Involving suppliers in the Group's transformation

Above and beyond its strict requirements for its own sites, L'Oréal has for a number of years applied an **environmental policy to its entire value chain.** L'Oréal works in partnership with its suppliers to improve the environmental profile of its products via the eco-design and sustainable sourcing of packaging, ingredients, formulas and their method of transportation. This worldwide ecosystem covers all the Group's needs for packaging, raw materials, subcontracting, production equipment, promotional and advertising articles etc. The commitment and performance of this ecosystem are crucial to achieve the Group's objectives.

L'Oréal runs numerous global events (Spread the green vibes). These enable the Group to share its sustainability ambitions, introduce L'Oréal for the Future to a wider audience and disseminate its action plans. In 2023, more than 2,000 suppliers were invited to attend 18 of such events across all Zones.

In 2023, to help progress its objective to reduce its carbon intensity, the Group set up a platform for sharing good practices (*Spread the Best Practices*), which highlights solutions, impacts and key factors to success.

4.3.1.2.1. Due diligence: selecting and assessing strategic suppliers

A/ Assessing suppliers according to their environmental and social performance

The Group has decided to use the environmental and social performance of its partners and suppliers as a primary selection and evaluation criterion. L'Oréal's commitments under its L'Oréal for the Future programme are in line with the Group's responsible purchasing policy initiated in 2002 with the L'Oréal *Buy & Care* programme.

In 2022, L'Oréal published a new sustainable sourcing strategy focused on four pillars:

- the protection of human rights;
- the preservation of the environment and resources;
- the integrity of business relationships; and
- diversity, equity and inclusion.

This strategy includes commitments, objectives and monitoring tools for each pillar. The values and standards are shared with suppliers. Meanwhile the objectives are based on collaboration with external experts using recognised benchmarks. This common framework integrates these stakes into the heart of the business model in order to achieve sustainable performance.

The Purchasing teams have defined five standard performance criteria to assess and select suppliers: quality, social and environmental responsibility, innovation, supply chain and services, and competitiveness.

These standards **represent the basis for daily performance and long-term strategies**. A global scorecard is used for all purchasing domains. It makes it possible **to accurately measure supplier results, in particular their corporate social responsibility commitments**, which represent 20% of the final assessment of suppliers.

The CSR strategy and action plans of the suppliers are fully integrated into their relationship with L'Oréal. They are also discussed during strategic meetings[1]. The evaluation of suppliers on the CSR standard is based, in particular, on their social audit compliance, the implementation of the *Inclusive Sourcing* programme, their results in the "CDP Supply Chain" programmes for the reduction of CO_2 emissions and their EcoVadis assessment.

The suppliers evaluated represent more than 83% of total direct purchases[2] and 21% of indirect purchases[3].

Suppliers can train by self-study via a website made available to them by the Group. These learning courses aim to optimise their sustainability policies. Videos, articles and presentations are available, covering a variety of topics, such as decarbonisation, the living wage, social audits etc. This content is currently available to all the Group's strategic suppliers.

B/ Social audits: a rigorous and continuous improvement process

Since 2002, the Group's suppliers have had to sign the Mutual Ethical Commitment Letter. This document, reviewed in 2021, sets out the requirements and commitments that L'Oréal imposes on its suppliers according to the Group's programmes and policies concerning ethics, corporate responsibility, human rights, working conditions and compliance. The "Mutual Ethical Commitment Letter" has been rolled out gradually to all suppliers worldwide (see section 3.4).

The Group's subcontractors and its suppliers of raw materials, packaging, production equipment and POS/ promotional advertising items located in countries identified as being at risk according to Verisk Maplecroft are subject to a **mandatory social audit** (and prior to any inclusion on the supplier panel). These audits, performed by independent service providers, aim in particular to:

- verify compliance with applicable laws, human rights and labour law; and
- cover employee safety, working conditions and the impact of activities on the environment.

The Group finances the initial audits as well as the re-audits that take place three years later. The follow-up audits to verify the effectiveness of the corrective actions are paid for by the suppliers.

Ten areas are audited: child labour; forced labour; the environment, health and safety; compliance with the laws relating to trade unions; non-discrimination; disciplinary practices; harassment or a hostile work environment; due payment of remuneration and benefits; working time; and relations with subcontractors.

L'Oréal's social audit is mainly based on the internationally recognised SA 8000 standard. However, the Group has also imposed more stringent criteria, particularly in terms of the minimum age for employment. This is set at 16 years of age for all employees of suppliers, a higher age limit than that required by the International Labour Organisation (ILO) for non-hazardous work.

A tool for social audits is used to plan the audits with the external service provider's system and to manage the results and action plans for all suppliers concerned. An online learning programme that supplements the Sourcing Discovery learning module is available to all purchasers. This explains to every new purchaser the importance of the social audit programme and how purchasers must make it part of their daily process. The Group's purchasers accordingly promote the continuous improvement of their suppliers in line with the Group's standards.

Key figures

Since 2020, 3,212 supplier sites have been audited according to the L'Oréal standard (see paragraph 3.4.7.3):

- 1,242 audits[4] were carried out in 2023 ☑, which means 4,891 have been carried out since 2020; and
- Follow-up audits represent 36% of the total number of audits conducted in 2023 and allowed 67% of the suppliers audited to improve their results.

C/ Encouraging strategic suppliers to conduct a self-assessment of their sustainability policy

In 2014, L'Oréal launched a programme for assessing strategic suppliers[5] and their sustainability policy. The EcoVadis assessment is helping to refine the analysis of suppliers' performance and identify areas for improvement in terms of human rights protection, business ethics, environmental preservation and diversity, equity and inclusion.

2023 Results

In 2023, 965 suppliers were subjected to an EcoVadis assessment of their social, environmental and ethical policies, as well as the implementation of those policies by their own suppliers. 301 of them, representing 95% of the Group's strategic suppliers[6], obtained an average score of 63/100.

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *Annual review of the supplier's business activity, its performance over the past year and its objectives for the following year.*
(2) *Direct purchases comprise Packaging, Raw materials, Subcontracting and Electronic Devices.*
(3) *Indirect purchases comprise Marketing, Media & CMI, Beauty Tech & IT Digital, Retail & Promotion, Business Services, Logistics, Industrials & Supply, Properties – Rents and Scientific Services.*
(4) *Audits where the auditor was unable to access the site or sufficient data are included in this number. They represent 2% of the total number of audits. However, these cases are excluded from the analysis of non-conformity by area, as described in the Vigilance Plan.*
(5) *Strategic suppliers are those whose added value is significant for the Group and who, through their weight, their innovations, their strategic alignment and their geographical deployment, provide long-term support for L'Oréal's strategy.*
(6) *Direct and indirect.*

4.3.1.2.2. Involving strategic suppliers in the Group's ambitions

A/ Encouraging suppliers to reduce their greenhouse gas emissions

Since 2007, L'Oréal has involved its suppliers in the process of measuring and reducing their greenhouse gas emissions by encouraging them to participate in CDP Supply Chain programme. In 2023, 790 suppliers participated in CDP Supply Chain, representing 85% of the 926 suppliers invited. These suppliers, which are large industrial groups and small and medium businesses, were selected from all purchasing areas, everywhere in the world. The average result for strategic suppliers in 2023 was "B-".

In the direct purchases category, the suppliers participating in CDP Supply Chain account for 90% of expenditure in 2023. The average result for the direct suppliers was "B-".

In December 2015 at the time of COP21, L'Oréal strengthened its objectives and accelerated the implementation of its efforts to fight climate change. Since then, suppliers have been encouraged, via CDP Supply Chain, to report their carbon emissions, set targets for reducing greenhouse gas emissions and communicate their action plans to achieve this.

At the end of 2023, the suppliers meeting this commitment represented 87% of the Group's strategic suppliers. The average score of these suppliers is "B", the highest score since the start of the programme.

CDP continues to recognise L'Oréal as a company that is committed to reducing greenhouse gas emissions. In 2023, CDP awarded L'Oréal as "Supplier Engagement Leader"(1) for the 6th consecutive year, among more than 450 companies, for encouraging all players in its supply chain to reduce their environmental impact.

In 2023, the teams worked with CDP to support the suppliers and undertook the following actions:

- organised meetings and learning sessions on climate change;
- led online conferences for suppliers entering the programme;
- sent out feedback forms with their results summarising the achievements and the areas for improvement to be addressed;
- offered strategic suppliers individual support to help them understand the challenges of climate change and to improve their reports in terms of environmental issues; and
- continued to develop online toolboxes to improve supplier understanding of these issues.

CDP Supply Chain assessment is at the heart of the discussions during annual strategic meetings, but also throughout the year, in the context of our interactions with suppliers.

As part of the L'Oréal for the Future programme, the Group is committed to supporting its strategic suppliers in reducing their greenhouse gas emissions by 50% between 2016 and 2030 (Scopes 1 and 2). The Group has defined a methodology to mobilise suppliers based on their emissions contributions and to work with them to manage their emissions performance.

This methodology is based on:

- their commitment to CDP Supply Chain;
- their emissions contributions;
- the reliability of their reported data, which is checked by monitoring the verification conducted by a third party;
- the adoption of ambitious targets and the launch of associated action plans; and
- the alignment of their trajectory with the Science Based Targets initiative.

The commitments set by each supplier form the foundation of the global suppliers emissions reduction trajectory.

In 2023, 44% of strategic suppliers had an objective that was validated by the SBTi.

In cooperation with suppliers , an action plan is drawn up and monitored, utilising the decarbonisation drivers that are suited to their business, their circumstances and their maturity.

The Group urges its suppliers to have their emissions data checked by a third party to improve the reliability of their trajectories. In 2023, 73% of the Group's strategic suppliers had their carbon data checked by a third party as required by CDP.

Involving suppliers in CDP Forests programme

L'Oréal is working towards **Zero Deforestation** (palm and derivatives, soy, paper and cardboard). In this regard, L'Oréal has participated in CDP Forests since 2012.

Since 2017, L'Oréal has encouraged its 218 main suppliers of paper, palm oil and soy to participate in CDP Supply Chain via its CDP Forests programme dedicated to the supply chain. At the end of 2023, 159 of the selected suppliers had participated in the programme's seventh year. Suppliers that created reports and implemented a Zero Deforestation policy and related initiatives represented 34% of selected suppliers' expenditures. Their average score was "B".

B/ Encouraging suppliers to use water responsibly

As part of the L'Oréal for the Future programme, the Group is committed to supporting its strategic suppliers in managing their water sustainably. This support is based on a twofold approach: each supplier must have a sustainable water management plan. The supplier must also consider the condition of the water stress zone in which it operates and its industrial water consumption and wastewater treatment.

To progress this further, the Group organised several expert consultations in 2023. The aim is to look at the best practices to be adopted in terms of sustainable water management and the most relevant indicators to use.

(1) *This recognition highlights companies proactively working with their suppliers to ensure climate change action cascades down their supply chains through supplier engagement, governance, Scope 3 emissions accounting and target-setting.*

Involving the Group's suppliers in CDP Water Security programme

As part of its sustainability programme, L'Oréal has been a member of CDP Water Security programme since it was launched in 2013.

2023 saw the tenth edition of CDP Water Security programme take place. As such, L'Oréal selected 348 suppliers based on three criteria:

- technology or activity consuming particularly large amounts of water;
- location of at least one production site in a high water stress area; and
- the size of L'Oréal's purchase volumes.

265 of them agreed to take part in the programme and Group experts gave them individual results summarising the opportunities they acted on and the areas for improvement to be addressed. L'Oréal encourages its suppliers to measure, report and set water consumption reduction targets for each production site by deploying a water-related risk assessment and management system.

At the end of 2023, suppliers fulfilling this commitment to CDP Water security represented 49% of selected suppliers' expenses. Their average score was "B".

C/ Using the Group's purchasing power to serve social inclusion

The objectives of L'Oréal for the Future express the conviction that reducing the environmental footprint of products has to be accompanied by an **improvement in their social and societal benefit.**

Thanks to its many industrial and administrative sites worldwide, L'Oréal is strongly involved in the life of the local communities. As a company committed to demonstrating strong corporate citizenship, L'Oréal builds **good relations with the local communities and strives to share its growth with them.**

The Group joins forces with its suppliers to develop its positive impact programmes and promote a more inclusive society. By 2030, Inclusive Sourcing will have helped to achieve L'Oréal's goal of enabling 100,000 additional people who are socially or economically vulnerable to access employment.

INCLUSIVE PURCHASING PROGRAMME

In 2023, **93,165** people accessed work through L'Oréal's Inclusive Purchasing programme, **12,027** more people than in 2020.

L'ORÉAL FOR THE FUTURE

Launched in 2010, L'Oréal's **global *Inclusive Sourcing* programme**[1] harnesses the Group's purchasing power to promote social inclusion. L'Oréal allocates part of its total purchasing volume to suppliers that provide employment and a sustainable income to people who are generally excluded from the labour market. In all regions of the world in which L'Oréal is present, the programme supports:

- **companies that employ people from economically vulnerable communities**. These communities are identified with reference to the Group's DE&I policy: for example, people with a disability, senior citizens, refugees etc. Local authority guidelines are also considered where relevant[2] as well as international standards such as Women-Owned Businesses as defined by the WeConnect guidelines; and
- **companies that struggle to access major international calls for tenders**.

By applying fair trade principles in their sourcing strategy, the Group's Raw Materials Purchasing teams enable a positive social impact while integrating the challenges of responsible agricultural practices, environmental protection and biodiversity.

L'Oréal leads fair and sustainable procurement projects in Morocco, for products such as olive oil and botanicals such as saffron and pomegranate that are grown in community gardens in Ourika. These programmes mean the Group can obtain essential ingredients while delivering a positive impact on nature and the neighbouring communities.

Through its *Inclusive Sourcing* programme, L'Oréal has commitments it shares with its suppliers that relate to the four pillars of the Group's Diversity, Equity and Inclusion policy:

Socio-economic and multicultural diversity:

- Social impact is central to discussions between the Group's purchasers and their suppliers. In each country, they identify communities that are economically and socially disadvantaged and undertake to give them access to employment[3].
- Helping refugees find work is a commitment the Group shares with its suppliers. In Poland, for example, more than 50 Ukrainian refugees work full-time as employees of a major supplier in this area, producing POS advertising materials.
- New technologies constitute a strong driver of inclusion. In France, L'Oréal works with an inclusive company on its strategic transformation projects. Long-term jobseekers carry out tests and provide IT support, and develop key skills for their future employability.

(1) *Launched in 2010, L'Oréal's Inclusive Sourcing programme is referred to as Solidarity Sourcing in previous years' reports.*
(2) *Definition of vulnerable geographic zones: for example, rural regeneration areas, priority urban neighbourhoods [QPV] in France.*
(3) *For example: people from the poorest communities in Pakistan and India. In Brazil, people identified by a NGO working in the favelas. People recruited by temporary work integration enterprises (Entreprises de travail temporaire d'insertion – ETTI) in France.*

Disability and physical and mental well-being:

- Inclusion and employment of people with a disability is one of the Group's primary policies. L'Oréal is joining forces with its partners to deliver on this. In 2023, L'Oréal's activities supported more than 3,200 full-time jobs for people employed by its suppliers, in 36 countries.

Age and Generations:

- In 34 countries, L'Oréal supports access to employment for 2,139 people over 50 years of age through its purchases of packaging production, POS items, promotional items and services.

Gender and LGBTQIA+[1]:

- In 38 countries, L'Oréal supports projects related to the empowerment of women, which represent 42,571 jobs.
- L'Oréal has been developing a solidarity sourcing project for shea in Burkina Faso since 2014. 25,160 women working together in producer groups are paid a fair price guaranteed by the Fair For Life label. A unique and innovative microinsurance project has been launched by L'Oréal and its partners, which improves the economic resilience of female producers.
- In China, L'Oréal supports 53 companies owned and run by women, which employ 1,938 people in total.
- L'Oréal confirms its support for the LGBTQIA+[4] community. Particularly in the United States, where it works with five suppliers certified as LGBT-Owned Businesses by the independent body NGLCC, the National LGBT Chamber of Commerce. In 2023, L'Oréal was awarded the GEEIS-SDG trophy for its commitment and for the *TransForma* project, in particular. L'Oréal Brazil and its new consumer engagement service provider help individuals in Brazil who are facing heavy discrimination in the country gain access to employment.
- L'Oréal USA has partnered with Creator Deck, an agency certified by the Women's Business Enterprise National Council (WBENC). This partnership illustrates the unique value that diversity-focused companies bring to the Group and how they are fostering innovation. Its diversified database of influencers and its social media content enable brands such as Maybelline and NYX to promote a daring and inclusive vision of beauty.
- In India, several of the Group's major partners in the field of new technologies have developed programmes to promote the employment of women. The aim is to increase the proportion of women in IT activities/services and to enable them to develop their careers.

L'Oréal is committed to the living wage[2]

LIVING WAGE CERTIFIED

A living wage must cover an individual's basic needs – such as housing, meals, health and education – as well as those of any of their dependents. At L'Oréal, a remuneration monitoring process is in place to adjust, if necessary, the remuneration paid to the Group's permanent employees to ensure they receive a living wage. L'Oréal has been accredited to the Fair Wage Network, a rigorous independent organisation, since 2023.

In line with its commitment to fair pay for all of its employees, L'Oréal aims to ensure that, by 2030, all its strategic suppliers' employees will be paid at least a living wage.

In 2022, L'Oréal launched a pilot programme that included some 20 of its strategic suppliers. The programme's objective was to explore the principle of the living wage and to provide support for its suppliers. This pilot project used to test the effectiveness of the supplier support system based on cohort principles.

A series of meetings were organised with a group of suppliers, the Fair Wage Network and L'Oréal in attendance. The purpose of these meetings was to discuss the strategy and methodology, as well as to hear from the suppliers that were furthest forward in the process. This way, companies were encouraged to share best practices and any difficulties they encountered. Following this series of meetings, suppliers are invited to make commitments through a living wage pledge. In 2023, more than 115 suppliers benefitted from individual support and more than 50 suppliers pledged to be compliant by 2030.

At the same time, L'Oréal provides a digital platform named Spread The Best Practices. This media tool makes it possible to stream learning materials on implementing a fair wage policy.

In addition, L'Oréal is working hard to create fair wage synergies so as to encourage other stakeholders outside its own value chain to adopt this commitment.

In this sense, the Group works closely and advocates alongside public and private businesses and organisations sectors, such as the Better Business through Better Wages initiative, to raise standards in terms of remuneration.

L'Oréal is also a member of the Business for Inclusive Growth (B4IG) coalition which, in partnership with the OECD, works to incorporate the fair wage into public debate.

(1) *LGBTQIA+: Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual, +.*
(2) *See the definition of the living wage in paragraph 4.3.2.5.*

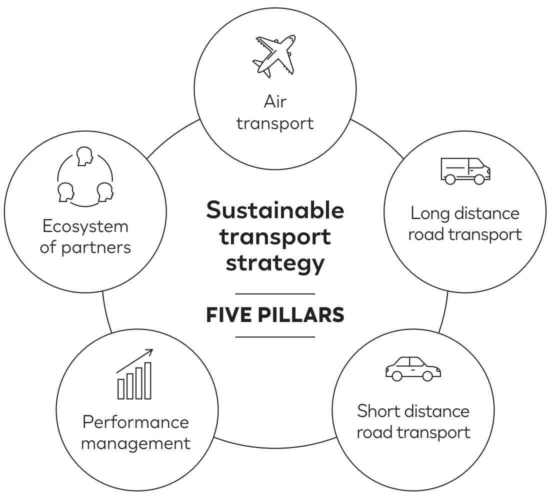
4.3.1.2.3. Reducing the environmental impact associated with transporting L'Oréal products

L'Oréal has a long-standing commitment to reducing the greenhouse gas (GHG) emissions generated by the transportation of its products[1]. The *Sharing Beauty With All* programme initiated the reduction of GHG emissions by 24% per unit sold per kilometre between 2011 and 2020.

As part of its new commitments, L'Oréal is going further and has set itself a target of reducing GHG emissions by 50% per finished product by 2030, in comparison to 2016. The scope of consolidation covers the transportation flows of finished products from the production sites to the first customer delivery point. The commitments have been shared with the entire internal and external ecosystem. As such, sustainable transportation was ranked as a priority and one of the major strategic components of the Group's sustainability transformation.

L'Oréal's sustainable transport strategy is based on five pillars. It focuses in particular on the two greatest contributors to GHG emissions associated with product transportation: air and road transport.

The five pillars of the sustainable transport strategy include:



1. **Limit air travel and provide for specific monitoring**

The reduction of air transport is one of the pillars of the distribution strategy. As such, it is included in the Divisions' budget targets and is integrated into our purchasing strategies, for example by favouring local production.

In 2023, the Group transported 0.2% of its products by weight by air, representing 19% of its transportation-related carbon footprint. As a result, the total carbon footprint of air transport in 2023 was reduced by 44% compared to 2022.

These results reflect a continuous decrease for four consecutive years.

This is illustrated by the exemplary work of our Luxe Division, which organised for some promotional kits to be manufactured two months early, enabling it to reduce the use of air travel by 95% for worldwide shipments from France.

2. **The *Greener Lanes* prgramme** dedicated to long-distance road transport

This programme implements solutions that will reduce CO_2 emissions on long-distance road flows with the highest emissions. In 2023, transportation of finished products by road represented 67.6% of the Group's GHG emissions for the transport of finished products.

To cut these emissions, new solutions are being rolled out gradually for all flows between the Group's factories, distribution centres and customers:

- the use of multimodal transport, for example river or rail freight, rather than road;
- the use of energy with a lower environmental impact, such as biogas or biofuel vehicles, to replace diesel.

For example, for the first time in 2023, L'Oréal ran regular, express freight trains between Europe and Asia, which reduced its use of air transport to this destination.

3. **The *Greener Last Mile* (GLAM) programme designed to implement solutions that will reduce CO_2 emissions from urban transport**

The Group is also specifically addressing the environmental impact of urban transport. It aims to deploy lower-impact solutions, such as electric vehicles, cargo bikes or natural gas vehicles.

4. **Performance management, an important aspect of the Group's strategy**

For several years, the Group has committed to a sustainable decarbonisation policy and applied robust action plans that are specific to each country.

Digitalisation, a strategic driver, facilitates access to data. B analysing the precise data associated with the upstream and downstream transport from the distribution centres of the Group's subsidiaries, the sourcing and transport teams are able to prioritise their actions according to their impact.

This regular monitoring of action plans and performance for the different modes of transportation are crucial. It provides the Group's stakeholders with the visibility they need to implement the Group's carbon footprint reduction strategy.

The Transport Management Systems (TMS), which are operational in a number of countries, provide access to transport operational data for consolidating and analysing performance in a pertinent manner.

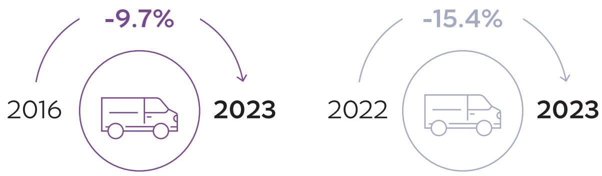
5. **Working in partnership with the stakeholders in its ecosystem: a key driver of the Group's carbon footprint reduction roadmap**

The Group selects and assesses its suppliers and transportation partners based on an alignment with their environmental and social policy. It also considers the actions they take to support the Group in its efforts to reduce its carbon footprint.

The ability of these partners to create innovative sustainable solutions, such as green energies (biogas, biofuel, electricity or hydrogen) or alternative modes of transport (cargo bikes, train), is an essential selection criterion. The Group also conducts regular monitoring to identify new opportunities. Alongside its partners, the Group also organises workshops focused on decarbonising transport.

(1) *Finished products.*

During strategic meetings with its partners, decarbonising transport and monitoring the implementation of the previously defined action plans are routinely discussed. Specific in-depth discussions are organised if necessary.



(tonnes of CO_2 equivalent per sales unit)

Product transportation emitted 288,152 tonnes of CO_2 equivalent in 2022, representing 40.23 g/CO_2 sales unit.

L'ORÉAL FOR THE FUTURE **2030 TARGET: -50%**

The intensity (gCO_2/unit sold) of the Group's carbon footprint linked to the transport of finished products fell by 9.7% between 2016 and 2023.

Between 2022[1] and 2023, global consolidation of the CO_2 emissions related to the transport of finished products shows a reduction in CO_2 emissions (-11.1%). This is a 15.4% decrease in intensity of the Group's carbon footprint (gCO_2/unit sold) over the same period. In 2023, CO_2 emissions linked to air transport fell by 44% compared to 2022[1]. In return, the use and carbon footprint of lower-carbon (maritime and rail) transport modes increased by 4.25%.

4.3.1.3. Sustainability: from use to consumption

The Group is pursuing its commitments to strike the best possible balance between fulfilling its own needs and preserving a planet with limited resources.The objectives set out in *L'Oréal for the Future* were defined with this in mind.

For the Group, preserving resources is a long-standing commitment. It applies to the entire life cycle of our products, from their creation to their use by consumers. Whenever a product is designed, created or updated, its environmental profile must be improved.

L'Oréal activates a range of drivers to promote sustainable innovation: reducing the environmental footprint of its formulas and packaging; respecting biodiversity through a sustainable and responsible raw materials sourcing policy; and a "Zero Deforestation" commitment.

Together with the Management Committees of the international brands, the packaging and development teams, the CSR team and the laboratories analyse their portfolios of formulas and their packaging. Sustainable innovation plans are defined along with their drivers for each product category.

The Group has decided to adopt an approach based on recent developments in life and environmental sciences. L'Oréal launched its *Green Sciences* programme to drive sustainable innovation by developing raw materials based on crops and practices that are better for the soil, water and biodiversity, as well as on Green Extraction, Green Extraction and physical processes, and Green Chemistry.

L'Oréal's Research & Innovation strategy in the field of Green Sciences aims to establish numerous strategic partnerships with innovative start-ups in the biotech industry, both in France and worldwide. As such, L'Oréal is accelerating its transition to Green Sciences and launching its first dedicated incubator, co-built with the Genopole bio-cluster, which will accommodate it at its Evry campus (in Essonne, France). In this context, Interstellar Lab, the French-American biotech start-up known for its revolutionary organic cultivation platform, is committed to an innovative partnership with L'Oréal's "*Green Sciences Incubator*". The aim of this ambitious collaboration is to explore the opportunities offered by a self-sufficient integrated agricultural system controlled by artificial intelligence to source various molecules and active ingredients for use in the cosmetics industry.

L'Oréal has also partnered with Bakar Labs, the University of California (UC) Berkeley's pioneer biotechnology incubator. This collaboration offers new perspectives to start-ups in the Bakar Labs incubator, by giving them cost-free access to L'Oréal's 3D-reconstructed skin models. This partnership means the next generation of beauty products can be developed based on both the combined expertise of L'Oréal and Bakar Labs, and innovative biological technologies. This cooperation follows numerous strategic scientific partnerships that L'Oréal has formed in recent months to strengthen its pioneering Green Sciences for Beauty ecosystem.

An exclusive, industry-first partnership with Cosmo International Fragrances has been launched. The aim is to develop a Green Sciences-based extraction process to revolutionise the art of fine fragrance creation. Developed by Cosmo International Fragrances and made exclusively available to L'Oréal, the patent-pending technology is a waterless, low-energy, slow extraction process that reveals the exact smell of an ingredient while preserving its integrity. This breakthrough Green Sciences process opens the door to new fragrance frontiers, enlarging the fragrance-maker's olfactory palette to include 100% natural and pure extracts.

L'Oréal also invests in a venture led by biotech company Genomatica to create sustainable alternatives to petrochemical-based surfactants. L'Oréal will be a founding member of the venture alongside Unilever and Kao. The investment was made through L'Oréal's corporate venture fund Business Opportunities for L'Oréal Development (BOLD).

This proactive policy is central to achieving L'Oréal's objectives for 2030 under its sustainability programme, in particular, ensuring that 95% of its ingredients are bio-based or derived from abundant minerals or circular processes.

(1) *2022 is adjusted for a like-for-like comparison between 2023 and 2022.*

4.3.1.3.1. Products with an improved environmental profile

A/ Reducing the environmental footprint of products

96% of new or updated products had an improved environmental profile in 2023.

L'ORÉAL FOR THE FUTURE

2030 TARGET: 100%

(1) Basis of calculation representing 69% of all projects, excluding items considered to be irrelevant, such as ad hoc animation and promotion products and regulatory compliance leading to changes that are not visible to consumers.

In 1995, L'Oréal opened its first **environmental research laboratory** to evaluate and reduce the environmental footprint of its formulas. Through this initiative, the Group has developed expertise regarding the potential impacts of its cosmetic products on aquatic environments. Right from the design stage, raw materials used in the formulation of products are evaluated as part of a strict ingredient selection process. Since 2005, L'Oréal has stopped introducing to its catalog new raw materials with an adverse environmental profile (see subparagraph 4.3.1.3.1 B and C).

Packaging represents a significant share of the environmental impact of cosmetic products. Reducing its environmental footprint is therefore naturally in line with the commitments made under the L'Oréal for the Future programme. In 2007, L'Oréal launched a **Packaging and Environment Policy that incorporates respect for consumers, the environment and biodiversity.**

The new programme highlights three major challenges to improving the environmental profile of packaging: resource optimisation, choice of materials and circularity after product use (see subparagraph 4.3.1.3.1. C).

Measuring the environmental impact of products

For several years, L'Oréal has analysed the **life cycles of its products** in order to identify, evaluate and improve their environmental impact.

Since 2017, SPOT[1], a tool based on a rigorous scientific methodology for assessing environmental impacts[2], has been rolled out to all Group brands (except recent acquisitions). This tool calculates the environmental footprint of a product according to European Commission recommendations[3]. At L'Oréal, SPOT is an integral part of product launch processes, putting sustainable innovation at the very heart of product development.

1. SPOT precisely measures environmental impacts by integrating the 14 impact factors used by the European product environmental footprint framework.
2. These different impacts are standardised on the basis of average consumer impacts worldwide.
3. To obtain a single value for the product environmental footprint (formula and packaging), these impacts are aggregated using a method based on the planetary boundaries[4].
4. Lastly, the score obtained, comprised between 0 and 10, is compared to a reference to allow product design teams to measure their progress.

In 2023, L'Oréal was awarded Cradle to Cradle certification for 557 products on the US market, including 20 new launches in 2023.

Brand examples	Product type	Certification	Number of products
L'ORÉAL Paris	Hair care	Silver	91
Maybelline New York	Makeup	Gold/Silver	39
Redken	Hair care	Silver	156
YSL	Skin care	Silver	26

B/ Reducing the environmental footprint of formulas

All products manufactured by the Group are analysed, from shampoos and haircare products to skincare products and perfumes. This analysis enables products with the same consumer benefit to be classified according to their environmental footprint.

Approximately 125 product categories that provide a consumer benefit were defined and over 40,000 formulas were screened. Then, the performance of each category was established to allow products to have a better environmental footprint using SPOT. The aim is to develop new formulas to obtain an improved environmental profile while maintaining the same consumer benefits.

Improving biodegradability

The Group is working to measure and increase the biodegradability of its formulas and reduce their water footprint at the end of their life cycle. These two parameters are integrated in the SPOT tool.

All the product formulator teams use this tool to assess biodegradability and water footprint whenever new formulas are created.

In 2023, 100% of the new formula launches were evaluated, with 79% showing an improved environmental profile.

The table below lists some examples of formulas with biodegradability levels of 98% (all L'Oréal geographic zones) amongst the products launched in 2023:

(1) Sustainable Product Optimisation Tool.

(2) Thanks to the ramp-up and activation of the Group's social programmes in recent years and the anticipated alignment of the calculation of the environmental footprint of products with the future EcoBeautyScore developed in conjunction with the industry, the SPOT tool focuses on the environmental impact of products. The social impact will be assessed as a separate exercise and will be subject to a methodological review under an ISO standard that is currently in the development phase.

(3) Recommendation on the use of common methods to measure and communicate the environmental performance of products and organisations (product environmental footprint).

(4) Boundaries developed by an international team led by Professor Johan Rockström of the Stockholm Resilience Centre.

Product examples	Product type	Brand	Design zone
Bright Complete Anti-Acne White 3-in-1 Cleanser	Facial cleanser	Garnier	India
Izumi Tonic Conditioner	Haircare	Shu Uemura	Japan
La Provençale Bio Oléo 5 Lift Night	Face care	La Provençale	France
Revitalift Pure Vitamin C Serum	Face care	L'Oréal Paris	China
Kiehl's Rare Earth Waterless Pore Powder Cleanser	Facial cleanser	Kiehl's	USA

In 2023, in addition to bringing new products with very high biodegradability levels to the market, L'Oréal continued renovating and improving its formulas already on the market. For example, L'Oréal Paris improved the formula for its EverPure Volume Conditioner , increasing its biodegradability level from 73% to over 98%. Garnier updated its Fructis Nutri Curls cream formula and increased its biodegradability level from 76% to over 98%.

The biodegradability of the raw materials portfolio was 82% in 2023.

Reducing the impact of the use phase

Innovation reduces the impact of the consumer use phase. The main environmental impacts in the rinse-off cosmetics sector arise when the products are used. These are the carbon and water footprints.

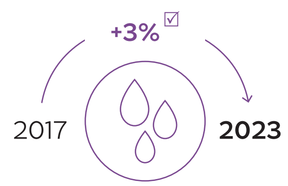
The aim is to preserve the quantity and quality of water resources. As part of L'Oréal for the Future, the Group wants to develop innovative solutions that enable consumers to reduce their greenhouse gas emissions and water consumption associated with using its products.

The three pillars of the Group's strategy to meet the challenge of water consumption:

- **Reduction in the amount of water used for rinse-off products:** this means developing formulations that offer better rinsability. The sales of Garnier continued its sales of solid shampoos, which offer a 20% saving in rinsability.
- **Innovation in beauty routines**: the Group continually adapts its innovation model to meet all beauty aspirations around the world. L'Oréal aims to help consumers reduce the impact of their use phase by offering appropriate innovations. The goal is to reduce the impact of the use phase, for example by eliminating the rinse phase. In Europe, in 2023, Garnier launched no-rinse conditioners as well as Garnier Skinactive Micellar Solution, a no-rinse skin cleanser and makeup remover.
- **Deployment of technologies:** the Group is developing equipment to reduce water consumption in salons. It is collaborating with its ecosystem to develop new solutions. Since 2021, the Group has also partnered[1] with Swiss start-up Gjosa to optimise rinse-off technology for shampoos, haircare products and hair dyes. Known as L'Oréal Water Saver, this sustainable technology for hair care in salons decreases water flow by 69%. This technology has been gradually rolled out since January 2023[2]. The system, totalling more than 11,100 units, has been installed in 5,000 salons.The website[3] gives a real-time tally of the volume of water saved by the units currently installed.

Since 2016, greenhouse gas emissions have been favourably decorrelated from the water consumption linked to product use. The result of the indicator for water consumption linked to product use in 2023 is explained by the increase in demand and sales of certain types of products, such as cleansers. The Group is continuing its efforts on the three pillars of its strategy to reach the target set for 2030.

WATER CONSUMPTION LINKED TO PRODUCT USE[4]

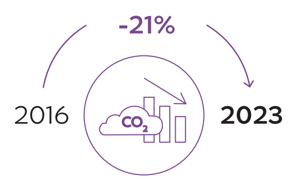


(water consumption per litres/kg of formulas sold)

L'ORÉAL FOR THE FUTURE — **TARGET 2030: -25%**

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

GREENHOUSE GAS EMISSIONS LINKED TO PRODUCT USE[4]



(tCO_2eq/kg of formulas sold)

L'ORÉAL FOR THE FUTURE — **TARGET 2030: -25%**

(1) *On 9 January 2024, L'Oréal announced the signing of an agreement to acquire all of Gjosa's share capital.*
(2) *Water Saver technology was launched in Spain, Portugal, Italy and the Nordic countries in January 2023 before being rolled out in France, the rest of Europe and the United Arab Emirates starting in May 2023.*
(3) *https://watersaver.loreal.com/fr*
(4) *Calculation based on the energy consumption required to heat water to rinse off the products. In 2022, a new calculation methodology was used for body products (shower gels). It takes into account only the required shower-related water volumes (an 82% reduction in the volume previously considered), i.e. the water needed to rinse off cosmetic products. This methodology impacts the Group's overall water volumes and consequently the overall Scope 3 GHG emission volumes (impact on all GHG emissions of between 7 and 8%). The 2017 baseline year was recalculated using this methodology. It will be published in early 2023.*

C/ Respect for biodiversity

Prioritising sustainably sourced renewable raw materials

When sourcing its raw materials, the Group is committed to guaranteeing **the sustainability of resources** above and beyond quality considerations.

In 2010, the signatory countries to the Convention on Biological Diversity adopted the **Nagoya Protocol**. This protocol aims to regulate access to the genetic resources of a given region and ensure the fair and equitable sharing of benefits arising from the use of those resources.

Conscious of these issues well before the Nagoya Protocol came into force, since 2005 L'Oréal's Research Department has adopted an approach aimed at securing its supply channels for the future. This approach must address the issues to respect biodiversity. To do so, the Group gives preference to, among other things, renewable raw materials[1] while ensuring that they are sustainably sourced.

For more than 10 years, Green Chemistry has been a catalyst for L'Oréal's sustainable innovation policy. L'Oréal has adopted its principles to promote the use of renewable raw materials, designed with waste reduction in mind and preserving the water cycle. In a broad sense, Green Chemistry aims to prevent upstream pollution and combat the use and contamination of the environment at the source. The growing use of plant-based ingredients poses supply risks due to climate change (availability and price) and can also have environmental consequences through the cultivation of crops that produce these ingredients (deforestation, soil depletion, impacts on biodiversity etc.). Measures should therefore be taken to ensure the long-term sustainability of supply.

In 2023, among the raw materials newly referenced by the Group **63%** in number were renewable and **25%** in number respected green chemistry.

PRODUCTS MARKETED IN 2023 WITH A PROPORTION OF RENEWABLE RAW MATERIALS ABOVE 98%

Product examples	Product type	Brand	Design zone
Garnier Fructis Adios Esponjado Treatment	Haircare	Garnier	Brazil
Baby body oil	Body moisturiser	Nice and lovely	Kenya
Dark & Lovely Pro-Renew Revitalising Hair Oil	Leave-in haircare	Softsheen-Carson	South Africa
Barrier Bestie Ultra Whip Cream	Moisturiser	Thayers	USA
YSL – Or Rouge	Facial cleanser	Yves Saint Laurent	France

In 2023, in addition to marketing new products with a very high proportion of renewable raw materials, L'Oréal continued to update its formulas already on the market. For example, L'Oréal Paris improved its Double Extension Carbon Black Mascara, increasing the percentage of renewable ingredients from 40% to 98%. In 2022, La Provençale launched a complete makeup routine that is certified organic or certified natural. Following its initial success, an extension to this product range was launched in 2023.

The Group also set up the Green Sciences transition programme to drive change in its portfolio of raw materials, with the aim of ensuring that ingredients have a favourable environmental profile. To do so, the programme is based on production and transformation processes that respect human health and environmental ecosystems.

Thanks to the Green Sciences pillars, the Group can optimise the production and transformation of raw materials in the existing portfolio, as well as those under development. The Sustainable Cultivation pillar will ensure biomass production while respecting best practices for agriculture and biodiversity, soil quality, use of phytosanitary products, greenhouse gas emissions and sound water management.

The biomass transformation pillars correspond to Biotechnology and Fermentation, Green Chemistry and Extraction processes.

In 2023, 63% of the newly introduced raw materials were renewable. In addition, 16 new raw materials based on Green Chemistry principles were introduced representing 25% of the total. In 2023, 76% of newly introduced raw materials comply with the biobased, abundant mineral or circular (BAC) processes indicator.

The Group considers biodiversity to be a key source of innovation. The planned increased use of raw materials from renewable sources must ensure that the ecosystems and the availability of these resources for other purposes are not adversely affected. The Group is committed to a sustainable and responsible supply chain (see subparagraph 4.3.1.2.2.).

In 2023, **65%** of our ingredients in formulas were from biobased sources, derived from abundant minerals or from circular processes.

L'ORÉAL FOR THE FUTURE

TARGET 2030: 95%

More generally, L'Oréal is working on a number of methodological approaches to help define this transition (abundant minerals, circularity, sustainable farming). The Group is working on developing a methodology to analyse its agricultural practices from a qualitative perspective to complement its sustainable sourcing initiatives and herald a genuinely regenerative approach.

(1) *This means that the carbon content is primarily of plant origin.*

As part of its objective for 2030, the Group has worked with specialised external partners such as BRGM[1] to define a robust scientific methodology aimed at qualifying the minerals used and ensuring that they are from abundant sources. A joint presentation was given at the IFSCC[2] 2023 conference.

Respect for biodiversity and societal contribution

In 2018, as part of the Act4nature initiative, L'Oréal set a goal of obtaining 100% of its biobased raw materials from sustainable sources by 2030. To be included in this category, raw materials must meet various requirements in terms of traceability, respect for human rights and compliance with the Nagoya Protocol.

Traceability of raw materials from sustainable sources

Traceability means that raw materials have an identified botanic and geographic origin.

In addition, the traceability campaigns with the Group's suppliers mean that 100% of plant-based ingredients by volume will be traced in 2030 to their country of production, with a certificate of origin for each ingredient, or even to the biomass production site. In 2023, biobased raw materials comprised 1,778[3] raw materials from 345 botanical species cultivated in more than 100 countries.

Respect for human rights throughout the production chain.

Respect for human rights in the production chain. According to UN principles and other international standards, respect for human rights applies to the entire production chain of these raw materials based on the key risks identified. In 2023, 100% of biobased raw materials used by the Group were reassessed, in particular based on criteria such as respect for biodiversity and the risk of forced labour. (see SCAN Index below).

Compliance with the principles of the Nagoya Protocol

Plants are sourced in a way that promotes the economic development of producers and respect for traditional knowledge associated with biodiversity, according to the principles of the Nagoya Protocol.

Of the 345 botanical species that are the source of the biosourced raw materials used by the Group, around 5.5%[4] present significant biodiversity challenges (endangered species and impact of production on natural environments) depending on their geographic origin and the method of extraction or production used. They are the subject of specific action plans initiated with suppliers and, if necessary, receive the systematic support of independent external third parties to manage the real impacts on the territories of origin of the ingredients.

The palm oil and its by-products segment is the subject of a specific **"Zero Deforestation" approach** (see below). At the end of 2023, 100% of supplies were covered by action plans with the suppliers concerned.

Other segments represent 22% of the portfolio of biobased raw materials in volume and 87% in number. For these segments, L'Oréal has defined sustainable sourcing challenges indicators[5] to assess their sustainability.

These indicators are consolidated within the **SCAN index**[6], which enables priorities to be set in the sustainable sourcing action plans. The Group regularly updates the information collected. There are already improvement action plans in place with suppliers for 70% of the volumes (60% in number) of raw materials that have sustainable sourcing challenges according to the SCAN index. These action plans aim to ensure sustainable sourcing to achieve the goal of 100% of the Group's biobased raw materials from sustainable sources.

L'Oréal has also launched a support and learning programme for more than 200 suppliers. They are now trained in sustainable sourcing of raw materials to guarantee the traceability of raw materials delivered to L'Oréal and ensure that the associated supply streams are secure.

Depending on the level of environmental and/or social risk identified on these streams, suppliers are asked to deploy the field audit procedure for producers. This procedure is based on 88 indicators defined by L'Oréal with the support of the Rainforest Alliance NGO and was reviewed in 2019 by EcoCert, The Biodiversity Consultancy and The Danish Institute for Human Rights.

Suppliers are also asked to make use of sustainable sourcing certifications adapted to their stream (Fair Trade, Sustainable Agricultural Network, Organic etc.).

By adopting a sustainable sourcing approach for biobased raw materials, L'Oréal contributes to the social and economic inclusion of vulnerable population groups while respecting the environment. In 2023, 93% of our ingredients were from sustainable, traceable and biobased sources.

In 2023, **93 %** of the biobased ingredients in our formulas were traced and sourced from sustainable sources[1].

L'ORÉAL FOR THE FUTURE

TARGET 2030:100%

(1) For the definition of the scope see the Methodological Notes.

(1) *BRGM:* Bureau de recherches géologiques et minières (French geological and mining research bureau).
(2) *International Federation of Societies of Cosmetic Chemists.*
(3) *Calculated on the basis of projected purchases between January and November 2023.*
(4) *Calculated on the basis of projected purchases between January and November 2023.*
(5) *Based on environmental, social and economic indicators from external databases (the UNDP's IHDI, EPI from Yale University, and Verisk Maplecroft Country Index).*
(6) *Sustainable CHAracterizatioN index.*

Rice bran oil: improving resilience to climate change in Thailand

L'Oréal uses rice bran oil for its anti-dandruff and antioxidant properties (haircare and skincare products). In 2016, L'Oréal launched a project for the responsible sourcing of rice bran from small rice producers in the Isaan region in north-eastern Thailand. L'Oréal works with the PUR Projet NGO and its supplier to support the OASIS cooperative in reducing the amount of methane produced by rice farming in the region and to improve its resilience to the effects of climate change.

Demonstration plots were created to help demonstrate the impact of agroforestry techniques on farmers' plots. Learning courses on agroforestry and the System of Rice Intensification (SRI) have been provided to encourage farmers to diversify their income, improve biodiversity and limit the methane emissions generated by rice fields. A programme to stabilise water access has been conducted through a bank loan scheme, enabling farmers to invest in irrigation equipment and improve control of their water consumption.

Thanks to the determination of volunteer farmers, the project has successfully demonstrated to the region's agricultural community the benefits of agroforestry and the way in which biodiversity and its protection can improve farmers' livelihoods. L'Oréal strongly encourages as many farmers as possible to adopt SRI practices. In 2023, 75% of the 766 local producers who benefited from the project were women.

Respecting biodiversity and measuring its footprint

Biodiversity loss undermines food security, health, quality of life and many services provided to our economies (pollination, air and water purification, soil fertility). It also effects the Group's resilience to climate change. The conversion of natural ecosystems for agricultural and urban development purposes is recognised by science as the primary factor in biodiversity loss, followed by pollution, climate change and the introduction of invasive species[1].

The Group has a long-standing commitment to the preservation and sustainable use of biodiversity. L'Oréal for the Future reaffirms this commitment by placing biodiversity right at the heart of its goals.

Taking an innovative approach and with the support of external experts, L'Oréal has scientifically defined land use and its translation into MSA.ha as a key measure for expressing the biodiversity impact linked to sourcing its biobased ingredients in the territories.

In 2023, it was estimated that palm-based ingredients represent over 60% of the impact linked to land use for all biobased ingredients used by the Group.

For the record, 100% of our palm-based ingredients are RSPO certified, with transparency that can be traced back to the mills for 96% of our volumes in 2023. Over the last nine years, the Group has developed five projects on the ground in partnership with external experts to implement sustainable agricultural practices aimed at improving the biodiversity footprint in palm plantations. In 2023, 31.5% of volumes of palm-based ingredients were linked to projects on the ground, compared to 24.8% in 2022.

In the years to come, L'Oréal will continue to gradually extend reporting to include its full range of biobased ingredients and give greater consideration to the impact of its specific actions on supply chains, based on the latest scientific guidelines.

L'Oréal is committed to ensuring that, between now and 2030, the land use required to produce its ingredients of plant origin remains unchanged from 2019 levels. The following drivers have been identified as key to achieving this goal:

- adoption of regenerative agricultural practices by suppliers in order to improve yields, preserve biodiversity and help farmers transition towards more sustainable agriculture;
- implementation of an ambitious plan to develop alternatives to raw materials with the highest impact, particularly through biotechnology and circular processes, as part of the *Green Sciences* programme; and
- support for rehabilitation projects for ecosystems adjacent to our strategic supply chains.

At the same time, L'Oréal continues to work on different methodologies for assessing the impact of its activities on developing biodiversity in France and worldwide. As such, the Group takes part in the work of the Science-Based Targets for Nature network's Corporate Engagement Programme, CDC Biodiversité's B4B+ club[2] and the One Planet Business for Biodiversity (OP2B) collective.

Thanks to the quality of its traceability data, L'Oréal was able to analyse the importance of biodiversity relative to its supply areas, using the STAR metric based on IUCN data (see details in the methodological notes in section 4.5). This analysis shows that:

- approximately 70% of the land use related to the sourcing of the Group's biobased ingredients occurs in countries where the risk of significant impact on biodiversity is very low or low; and
- 30% of biobased ingredients come from regions where the risk of significant impact on biodiversity is medium, such as Indonesia and Malaysia for palm oil or the Philippines for coconut.

These results will enable us to refine the supply strategy for each plant and each country and work on innovative alternatives.

(1) *Global Assessment Report on Biodiversity and Ecosystem Services, IPBES 2019.*
(2) *Business for Positive Biodiversity.*

"Zero Deforestation" commitment

In its "Zero Deforestation" policy published in 2014, the Group pledged that by 2020 it would no longer include any product linked to deforestation in its ingredients or raw materials. Since 2007, L'Oréal's action plans have promoted a sustainable **supply of agricultural raw materials** that could be a cause of deforestation (palm and soybean oil, fibrewood-based products etc.).

In 2021, aware of the increasingly critical worldwide threat to forests and the social and environmental consequences of deforestation, the Group renewed its goals after consulting with its stakeholders. These new goals can be found in its **2030 Forest Policy**.

Capitalising on past achievements in the areas of palm, soy and wood fibre, the 2030 Forest Policy covers more raw materials, prioritised according to their strategic importance and the social and environmental risks identified. It is based on sustainable and responsible management throughout the supply chains and on the preservation and rehabilitation of natural ecosystems adjacent to production areas. It is therefore incorporated into the Group's sustainable sourcing strategy for its ingredients and sets new goals that are specific to these raw materials.

In addition to the environmental dimension, the 2030 Forest Policy focuses on human rights and improving the living conditions of the communities affected.

Results by commodity

Palm: in 2023, L'Oréal consumed 206 tonnes of palm oil and 92,186 tonnes of palm oil and palm kernel derivatives. These derivatives come from the pulp or the kernel of palm fruit respectively. These oils are used to produce glycerine, fatty acids and fatty alcohols which form part of the composition of the Group's products.

As part of its "Zero Deforestation" commitment, L'Oréal is rolling out a specific strategy for palm oil derivatives in partnership with all stakeholders (producers, NGOs and suppliers):

- 100% of purchases of palm oil and palm oil and palm kernel derivatives have been certified as sustainable according to the RSPO[1] criteria since 2012; and
- 96% of the main derivatives come from identified sources (right up to the mill).

Palm – certification: 100% of the palm oil used by L'Oréal meets the standards and procedures of the RSPO, according to the Segregated (SG) model. 100% of the derivatives are also certified.

L'Oréal had increased the proportion of its physically certified purchases to 99.8% RSPO Mass Balance by the end of 2023, compared to 99% in 2022. The remainder is covered by the RSPO Book & Claim model.

To complete its certification objectives, L'Oréal made a commitment to have at least 30% of its volumes physically connected to field projects that support small independent planters. In 2023, 31.5% of these volumes were physically connected to sustainable sourcing projects in Indonesia and Malaysia.

Palm – traceability: in 2014, within the framework of its **"Zero Deforestation" commitment,** the Group had pledged to **trace** the main palm and palm kernel derivatives that it uses as far as the mills by the end of 2015. This was a complex task as the process for transforming derivatives involves a large number of players and many branches of the supply chains.

With the support of a firm of independent experts, an initial phase involving a survey of L'Oréal's strategic suppliers began in 2014. These suppliers represented more than half of the volumes of palm and palm kernel derivatives supplied to L'Oréal. Since 2015, L'Oréal has updated and enriched its data collection by extending the scope to cover all suppliers in order to be able to trace and identify the origin of 100% of its main palm and palm kernel derivatives. The results of this work show that Malaysia and Indonesia are the main countries from which supplies are obtained. It was also established that, for 2022, 98.3% of these volumes of palm and palm kernel derivatives could be traced back to the refineries, 96% to the mills and 66% as far as the plantations.

In 2023, based on this work and with the goal of transparency, for the fifth consecutive year L'Oréal published on loreal.com a list of the 1,013 mills (944 in 2022) indirectly connected to its supply chain (over 90% of its palm derivative volumes) and a list of its direct suppliers of derivatives.

Palm – measurement tools: in 2016, L'Oréal sought to round out its evaluation and selection tools for suppliers in this stream by developing a specific tool, the *Sustainable Palm Index*. Every year, it is used to assess the commitment, progress and achievements of direct suppliers in favour of sustainable palm oil. It also evaluates the progress made towards the "Zero Deforestation" objective and suppliers' compliance with the Group's requirements. First made public in 2016, this tool is available to all players in the supply chain.

In 2018, to take its commitment further, L'Oréal initiated a collaboration with the Zoological Society of London (ZSL) and Transitions. The goal was to develop a tool to evaluate refineries and crushers (which extract the oil from the kernels) on the basis of their reporting, policies and procedures. The indicators used in this evaluation were aligned with the requirements of the Group's deforestation standards. This tool has been available and public since 2019. At the mill level, the Group has used Global Forest Watch's risk assessment tool since 2016 to ensure that no derivatives traced to mills are linked to deforestation. In 2018, the procedure for dealing with cases of non-compliance with the "Zero Deforestation" commitment by direct or indirect suppliers was also published. Since November 2019, in order to contribute to the sector transformation, L'Oréal has been a founding member of Action for Sustainable Derivatives (ASD), an initiative coordinated by BSR and Transitions. The Group actively contributes to ASD, in particular by sharing all its methodologies and tools developed since 2014.

(1) *Roundtable on Sustainable Palm Oil. www.rspo.org*

Palm Project led by the Livelihoods Fund for Family Farming (L3F): integrating regenerative agriculture into palm production in Indonesia

Indonesia is the main country from which L'Oréal obtains supplies of palm oil derivatives, accounting for 72.8% of the Group's purchase volumes. North Sumatra is an area that is particularly vulnerable to climate change. For decades, millions of independent smallholder farmers in emerging countries have relied on palm oil to make a living. Today, they are still largely left behind in the necessary industry transition to sustainability and are facing numerous challenges: competition with large plantations, declining productivity and a lack of financial means to replace their ageing trees.

In keeping with its "learning-by-doing" approach as part of the coalition of international and local stakeholders, the L3F has launched an unprecedented project to support 2,500 smallholder farmers in the region. The project especially aims to build a transparent, deforestation-free supply chain. To achieve this, the project uses agroforestry models adapted to local conditions, implements regenerative agriculture principles and preserves biodiversity in the plots.

Since 2021, L'Oréal has supported this project, which will help to regenerate 8,000 hectares of degraded farmland and restore an additional 3,500 hectares of local biodiversity in addition to the plots in surrounding productive and protected forests. Going into the third year of the project has enabled L'Oréal and its partners to demonstrate that the regenerative agriculture practices the project promotes have been understood and widely adopted by farmers. A great deal of progress has been made with shade-loving ground-cover crops, selective weeding, the acceleration of organic fertilisation and organic inputs. Regenerative agriculture in palm oil production represents a balanced systemic approach to restructuring the top layer of various soils and demonstrating to independent farmers the impact of gradually reducing the use of chemical substances in distinct plots on the same farm.

For the second year running, 798 farmers were RSPO certified. We are currently working on launching a study on the financial autonomy of the women in the project to increase awareness of the issue of gender and the household economy.

Soy: in 2023, L'Oréal consumed 355 tonnes of soybean extract and 89 tonnes of soybean extract derivatives. In 2023, 100% of the soybean extract originating from Latin America used by L'Oréal was from certified sources (Identity Preserved Proterra – IP) or, for the most part, from a land project certified RTRS, Organic and Fair For Life. This project aims to support 41 small soybean producers in Brazil and Paraguay.

Paper/cardboard: materials used by L'Oréal for its packaging, the paper used for product leaflets and the cardboard used for boxes are certified as coming from sustainably managed forests (FSC or PEFC certified) (see the paragraph entitled "Materials vigilance and preservation of resources").

Improving the environmental profile of packaging, POS displays and stores based on the Group's sustainability principles

The environmental policy for packaging is based on three drivers (the 3Rs): **Reduce, Replace, Recycle.**

Reduce	Packing articles and finished goods that are smaller and lighter in relation to the contents, thereby consuming fewer resources.
Replace	Substituting high-impact materials and processes with alternative materials and processes with lower environmental footprints, such as recycled materials, materials from natural and renewable sources and processes with lower carbon intensity.
Recycle	Making sure that packaging can contribute to circularity by being recyclable.

These principles are applied before each launch, right from the marketing brief. The Group harnesses them via a global, systematic environmental impact measurement process for packaging, notably with the help of the SPOT measurement tool. The Group's packaging strategy fully incorporates its sustainability commitments. L'Oréal rolls out and regularly updates tools (databases, guides and procedures) to support the product development teams.

Since 2018, the Group has used a specific POS programme that is based on eco-design and circular economy principles. For our operated stores, we have drawn up an eco-design and construction guide in line with the Group's sustainability principles. The Group shares the guidelines and best practices for both these initiatives with its suppliers and partner distributors.

In 2023, **69%** of created or renovated products had an improved environmental profile due to improved packaging.

Materials vigilance and preservation of resources

L'Oréal requires **food-grade**[1] quality for all materials used in its packaging in contact with products or a beauty-grade[2] quality for rinse-off haircare products. The Group also works proactively with its suppliers to ensure that all its packaging complies with European Regulation 1223/2009/EC on cosmetic products. Regular audits ensure the compliance of the filling and packing articles delivered, thus ensuring an uncompromised level of quality and safety for consumers.

L'Oréal has pledged to stop producing finished products containing **PVC**. This commitment has been kept since 1 January 2018.

L'Oréal has made a commitment that, by 2030, 100% of its biosourced packaging materials will be traceable and come from sustainable sources, with no link with deforestation.

To do so, the Group relies on its materials' traceability and certification to ensure they come from sustainably managed forests that are exploited with respect for populations and forest ecosystems (preferably FSC certified or, failing that, PEFC or any other certification recognised by PEFC International).

In 2022, 99.6% by volume of L'Oréal's wood, paper or cardboard packaging (primary, secondary and tertiary) [3]could be traced to their country of origin (forests)[4]**.**

The Group deems packaging to come from sustainable sources when its material is certified and when the packaging supplier holds valid Chain of Custody[5] certification. As such, in 2023, 89.2% by volume was FSC or PEFC certified and 83.4% by volume came from Chain of Custody certified suppliers.

Since 2010, L'Oréal has been a member of the Forest Stewardship Council (FSC) in France. L'Oréal has been a member of the Forest Stewardship Council (FSC) International since 2022, with the aim of promoting action aimed at strengthening the FSC standard. The FSC label is the only label claimed on paper or cardboard packaging of the Group's products.

Reducing weight and volume to optimise the resources used

In 2023, the Group reduced by **4%** in intensity the quantity of packaging used for its products, compared to 2019.

L'ORÉAL FOR THE FUTURE

TARGET 2030: -20%

Reducing the weight and volume of product packaging is an integral part of the design stage. It is a major driver for improving the environmental profile of packaging. Every year, L'Oréal launches new initiatives aimed at **reducing the quantity of materials used in packaging.**

A process is in place to reduce the weight of existing products. Two initiatives implemented in 2023 are worth noting:

- Lancôme updated the 50 ml jar used for its *Renergie, Hydrazen, Genefique* and *Clarifique* ranges by reducing the weight of the glass, saving 142 tonnes per year. For example, the jar used for the *Renergie Ultra* range was made 31% lighter and, for this range, the brand also supported this reduction by launching a 50 ml refill.
- reducing the weight of the 30, 50 and 90 ml bottles in the Yves Saint Laurent Libre Eau de Parfum brand saves 52 tonnes of glass per year. For example, the weight of the 50 ml bottle has been reduced by 8%. The brand also supported this reduction by launching a 100 ml refill.

To reduce the use of resources intended for packaging, L'Oréal is marketing a growing number of **reusable products**, i.e. products that are reloadable or refillable. For example, Prada launched the refillable makeup and skincare Prada Beauty range. The L'Oréal Professionnel brand launched new 1.5 l pouches of shampoo for refilling the original bottles in hair salons.

To limit packaging volumes for its finished products, L'Oréal has developed a roadmap for reducing packaging at the source, as well as methods that comply with and, in most countries, even go beyond local regulations.

Replacement with new sources of materials

In 2023, **32%** of the plastic packaging materials were from recycled or biobased sources.☑

L'ORÉAL FOR THE FUTURE

TARGET 2025: 50%
TARGET 2030: 100%

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

The Group seeks to replace materials with recycled or biomass materials, or materials generated by technology that is not reliant on virgin fossil-based resources. In 2023, L'Oréal used 170,811 tonnes of plastic in its primary, secondary and tertiary packaging. **The Group aims to ensure that 50% of its plastics come from recycled or biobased sources by 2025 and 100% by 2030.**

(1) *Materials guaranteed for food use and compliant with food regulations (EC/1935/2044 in Europe or the FDA in the United States).*
(2) *Materials guaranteed for use in cosmetic products, compliant with L'Oréal's in-house specifications and meeting strict requirements.*
(3) *The Group buys wood-, paper- and cardboard-based products for various product categories and these purchases are made by various purchasing teams. Here, primary, secondary and tertiary packaging means all specified packaging that is purchased for products from the Group's factories.*
(4) *Traceability to the forests' country of origin is ensured through the annual data collection campaign. Information is obtained after the end of the calendar year, therefore at one-year intervals.*
(5) *The FSC or PEFC "Chain of Custody" certificate guarantees the traceability of certified materials at each stage of the production process, from the forest to the finished product, including each stage of treatment, processing, manufacturing and distribution.*

Many brands use **recycled plastic** in their bottles (some as much as 100%) as well as other recycled materials in the packaging (recycled glass, paper or aluminium). In 2023, 112,435 tonnes of recycled materials[1], including 68,951 tonnes in primary and secondary packaging, saved the equivalent amount of virgin materials. 85% of the volume of PET[2] used by the Group worldwide is recycled PET, i.e. 38,976 tonnes.

112,435 tonnes
of recycled materials used in the Group's packaging.

Several brands continue to incorporate PCR PET[3] into their packaging:

- the Maybelline brand has incorporated 100% of PCR PET into its makeup vials, particularly in its Sky High Cosmic and Primer Mascaras, but also for its SuperStay Matte Ink lipstick; and
- the Shu Uemura brand uses 100% PCR PET in its Unlimited Mist bottles.

The same efforts have been made with PE[4] containers, particularly Cerave bottles, launched in Asia and Mexico, and also Elseve Color Vive shampoo and conditioner bottles in Brazil, which now contain 100% PCR PE.

Other brands also use up to 70% PCR PP[5] in their caps, such as the Micellar Water launched in Europe by the Garnier brand.

Narta deodorant cans are now produced from PCR aluminium, 30% and 50% respectively in the 100 and 200 ml sizes.

For glass packaging, initiatives to integrate recycled glass into various product categories are ongoing, such as skincare with a new 50 ml jar in the Renergie, Hydrazen, Genefique and Clarifique ranges from the Lancôme brand, which is made of at least 30% PCR, and perfumes with Yves Saint Laurent's new MYSLF using at least 15% PCR glass in the bottle.

To implement new circular solutions for plastic packaging, L'Oréal is working with an **ecosystem of partners:**

- the L'Oréal consortium, together with Carbios, is developing a bio-recycling process. This involves using very specific enzymes in order to recycle PET plastics and polyester fibres more broadly. This innovative process will produce a recycled PET equivalent to virgin PET. In April 2019, Suntory, Nestlé Waters and Pepsi-Co joined this consortium;
- the partnership signed in 2018 with LOOP Industries® to depolymerise post-consumer PET into virgin-quality PET; and
- the partnership signed in July 2019 with PURECYCLE to produce recycled PP.

In terms of recycled plastic, the Group has begun working on this value chain, particularly with suppliers of plastic packaging and recycled plastics, by involving them in analysing and mitigating upstream social risks. All recycled plastic producers used by the Group's packaging suppliers agree to comply with the Group's standards and commit to this by signing the Letter of Mutual Ethical Commitment. The Group has had a social audit carried out at each recycled plastic supplier factory located in a high-risk country. A conforming social audit is a prerequisite for any commercial relationship between recycled plastic suppliers and the Group's plastic packaging suppliers. Aware that transforming the sector requires the cooperation of all its stakeholders, including suppliers of plastic packaging, recycled plastics and other end products, the Group actively engages with numerous stakeholders in order to shift the industry towards responsible sourcing.

Recycle: integration into circular streams

In 2023, **44%** ☑ of the Group's plastic packaging was refillable, reusable, recyclable or compostable.

L'ORÉAL FOR THE FUTURE

TARGET 2025: 100%

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

In 2017, L'Oréal joined the New Plastics Economy (NPEC) initiative of the Ellen MacArthur Foundation. This initiative aims to rethink the life cycle of plastic so that plastic packaging never becomes a waste product and is re-inserted **into the circular economy** in the form of materials with biological or technical value.

Since 2018, L'Oréal has been a partner of the Ellen MacArthur Foundation. One specific goal of this partnership is to have 100% of our plastic packaging which are refillable, reusable, recyclable or compostable by 2025. This goal is one of the commitments made by L'Oréal as part of the Ellen MacArthur Global Commitment. These commitments are monitored by the annual Progress Report.

In 2023, the percentage of refillable, reusable, recyclable or compostable plastic packaging was 44%. This improvement corresponds to an acceleration of refillable formats and the removal of recyclability disruptors. For example, L'Oréal Paris removed the metal spring from the pump used for its Acid Bond shampoo in Asia. This measure means we were able to remove a recyclability disruptor of plastic.

The Group's brands have developed detailed sorting instructions for consumers to improve the recycling of their products.

(1) *Post-Consumer Recycled (PCR).*
(2) Polyethylene terephthalate.
(3) *Post-consumer recycled (PCR).*
(4) *Polyethylene.*
(5) *Polypropylene.*

In addition, in partnership with the eco-organisation CITEO, several L'Oréal brands in France[1] are pursuing a sorting awareness campaign (media, advertising etc.). Lastly, the "www.beaute.fr**"** platform supports consumers in their process to sort their beauty products at the end of life.

Environmental impact and tools

To assess the impact of its finished products, the Group makes the following tools available to its design centres:

- Sustainable Product Optimisation Tool (SPOT), a tool for assessing the impact of the product (including its packaging, formula and production). Since 2017*,* this has made it possible to meet the Group's sustainability commitments (see subparagraph 4.3.1.3.1.);
- a tool to help reduce the environmental impacts of transportation packaging of packaging components from suppliers to factories and transportation packaging of finished products from factories to the Group's distribution centres, particularly through optimisation of palletisation.

To **share its research and results with the cosmetics industry**, in 2018 the L'Oréal Group created the *Sustainable Packaging Initiative for Cosmetics* (SPICE) with the environmental consulting firm Quantis. The purpose of SPICE is to share the best practices and methodologies of each cosmetics player in order to harmonise and enhance the methods used to assess the cosmetic packaging environmental footprint. L'Oréal shares its own SPOT Packaging methodology through the SPICE initiative. Tracking of work and achievements, as well as the plan for the coming months, are accessible on the open platform www.Open-Spice.com. The SPICE initiative now has more than 34 members worldwide. The dedicated SPICE tool was launched in July 2020.

To increase transparency towards consumers, L'Oréal has initiated the roll-out of the *Product Impact Labelling* (PIL) tool. This involves allocating a score on a scale **from A to E for the environmental impact** of products, which is made available on the websites of certain Group brands for eight formula categories (see subparagraph 4.3.1.3.2. B).

Since 2018, L'Oréal has been working with its teams and suppliers to implement a global programme to eco-design POS materials and furnishings, which is based on:

- 14 robust and pragmatic golden rules;
- learning support for teams and suppliers;
- monitoring indicators;
- sharing best practices; and
- inter-team events on sustainability, including suppliers.

The principles behind these golden rules relate in particular to materials: recycled materials and those from biobased sources, their weight, recyclability or separability and optimisation of electricity consumption (for permanent POS). L'Oréal tests and develops circular economy processes with its suppliers and local operators, notably in the context of uninstalling, recycling or donations. L'Oréal continues to share its best practices, for example with the French Federation for Beauty Companies (Fédération des Entreprises de la Beauté – FEBEA).

In 2023, L'Oréal continued the roll-out of its *Sustainable Retail Box* programme. This action plan, aligned with the highest standards, sets out actions for the design and responsible construction of operated stores[2]. In 2023, of the Group's 134 new or renovated stores, 104[3] recorded an eco-design rate of over 100% and/or are certified LEED Gold.

For our permanent POS materials, as well as our operated stores, the Group uses design firms that are experts in lighting to optimise energy consumption without compromising the quality of in-store lighting. The pilot projects are promising, in particular for the reduction of environmental impacts. In 2023, the teams continued to roll out the operational guidelines launched since 2020 for new developments.

In 2023, **99%** of advertising displays at points of sale were eco-designed and **78%** of free-standing stores, whether new or refurbished, were designed and built in line with the Group's principles of sustainable development.

L'ORÉAL FOR THE FUTURE

TARGET 2025: 100%

4.3.1.3.2. Involving consumers in the Group's transformation

A/ Product quality and safety: a priority

L'Oréal develops and designs cosmetic products that meet the needs of both consumers and professionals in terms of quality. As consumer safety is an absolute priority for L'Oréal, assessing the safety of these formulas and their ingredients is central to any new product development process. It is also a prerequisite for any new product being brought to the market. As a result, **global consumers have access to cosmetic products of identical quality, with proven safety records**.

L'Oréal factories worldwide manufacture cosmetic products that comply with ISO international standards. Nearly all factories are ISO 9001 certified and implement the requirements of ISO 22716 on Good Manufacturing Practice for cosmetic products. This standard sets out the requirements for production, filling and packing, control, storage and shipping in order to obtain a cosmetic product that complies with the defined quality.

100% of the Group's products undergo a rigorous safety assessment. A safety report is then established.

The Worldwide Human and Environmental Safety Evaluation Department specifically evaluates the safety of raw materials and finished products. It establishes the toxicological profile of the ingredients used and the formulas before they are marketed. It draws on data from a wide range of sources: literature, in silico experiments, *in vitro* tests on cellular models and clinical trials evaluating tolerance in humans. These same safety standards are applied everywhere to protect the health of consumers worldwide. Once the finished product is marketed, potential adverse effects are monitored to ensure the safety of the product over its lifetime.

(1) Cadum, Garnier, L'Oréal Paris, Narta, Ushuaïa, Vichy etc.
(2) Materials, energy, accessibility, water management, construction waste, interior air quality, ergonomics etc.
(3) Consolidated data based on a questionnaire filled out directly by the sales outlets.

L'Oréal goes one step further in safety assessments by monitoring the potential adverse effects that may arise once the product is on the market. The Group carries out this task with its international cosmetovigilance network, which collects, approves and analyses the adverse effects related to the use of a cosmetic product using recognised and rigorous methods. This allows for appropriate corrective measures to be taken where necessary.

The safety cycle is summarised in the following graphic:

In response to questions that civil society may ask regarding certain substances and their effects on health and the environment, three points summarise L'Oréal's position:

- vigilance with regard to any relevant new scientific data;
- cooperation with the relevant authorities; and
- precaution leading to the substitution of ingredients in the event of a proven or strongly suspected risk.

The launch of the website "*Au coeur de nos produits*" (Inside our products) in 2019 is testimony to the Group's desire for increased transparency on this issue.

Finally, production quality standards govern product quality, at all stages from creation and production to distribution. Nearly all factories are ISO 9001 certified for their production and follow Good Manufacturing Practice in accordance with the ISO 22716 standard.

The product safety assessment process

L'Oréal has set up a process to ensure that all products developed by the Group, whatever the location of the laboratory in charge of the project, are subject to the same level of rigorous safety evaluation. The Environmental Safety Department uses a multidisciplinary scientific approach to carry out these evaluations at all stages of a product's life cycle. In this way, L'Oréal meets the safety requirements of the national regulations in force in all countries in which its products are sold.

A safety assessment is conducted for each product launched on the market

Product safety evaluation entails evaluating each constituent ingredient and the finished product itself. It is carried out on the basis of existing safety data and the latest scientific knowledge, and takes into consideration the conditions of use of the product. If necessary, L'Oréal conducts additional safety studies in qualified laboratories all over the world. The results are interpreted by experienced scientists with special training in cosmetic ingredient and product safety.

L'Oréal's Ethical Principles, rooted in both scientific rigour and responsiveness to societal concerns, lead to a pre-emptive approach. This means that formulations are changed by removing and/or replacing certain substances based on new data.

L'Oréal's added value, in terms of assessing ingredient and finished product safety, lies in its investment for nearly 40 years in the development of predictive methods and tissue engineering, and their international regulatory recognition. For many years, the Group has invested in science and technology to create new evaluation tools that are used every day by safety assessors.

L'Oréal also works closely with all international stakeholders involved in relevant industries to develop alternative cross-disciplinary solutions in the field of safety assessment.

This long-standing commitment means that the Group has not conducted animal testing in laboratories for any of its products since 1989, or 14 years before regulations required this. In addition, L'Oréal no longer tests its ingredients on animals. L'Oréal no longer tolerates any exceptions to this rule and this applies worldwide. The Group does not delegate such a task to any third-party either. Some health authorities may nevertheless decide to carry out animal testing themselves for certain cosmetic products, as is still the case in China. For more than 10 years, L'Oréal has been firmly committed to getting Chinese stakeholders to recognise alternative methods and changing cosmetic regulations to eliminate animal testing once and for all. In 2014, progress was made to put an end to animal testing of some products manufactured in China. Since 2021, non-functional products imported into China no longer need to be tested on animals if they are accompanied by a safety assessment and a good manufacturing practice certificate issued by their country of origin.

Ultimately, L'Oréal's products continually improve with technological innovations while consistently guaranteeing the highest level of safety for both consumers and professionals.

B/ Raising consumer awareness about sustainable lifestyle choices

The Group wants to empower all its consumers to make sustainable consumption choices.

The SPOT environmental assessment tool, rolled out to all of the Group's brands[1], established the environmental profile of all new products as of 2017.

Displaying the environmental impact of products

As part of its L'Oréal for the Future programme, the Group has created **an environmental impact labelling system** for its products with environmental ratings ranging from A to E to help consumers make informed consumption choices.

This comparison tool for products within the same category is based on the SPOT methodology to measure impacts, which was developed with 11 independent international experts based on the directives of the European Product Environmental Footprint (PEF), to scientifically measure a product's environmental impact. It takes into consideration 14 planetary impact factors such as greenhouse gas emissions, water stress, ocean acidification or impact on biodiversity.

These impacts are measured at each stage of a product's life cycle and calculated by considering raw material cultivation and extraction and product processing and transport, as well as the consumer usage phase and packaging recyclability.

This information is accessible to consumers on the product pages of our brands' websites. The first phase of the roll-out began in France with the Garnier haircare category in July 2020. This labelling is now available for 12 Group brands, 12 categories of skincare or haircare products, in 32 countries in Europe, North America and China.

At the same time, L'Oréal is committed to a sectoral approach, coming together with its competitors to form the **EcoBeautyScore Consortium**, which aims to develop a common environmental labelling system for the entire cosmetics industry. This system is backed by a scientific methodology for measuring environmental impacts in line with the recommendations of the European Commission, similar to the one used by the Group for its environmental labelling initiative. Alongside the other members, L'Oréal is committed to sharing its experience in this field within the Consortium in compliance with anti-trust legislation.

In view of L'Oréal's active contribution to the development of the EcoBeautyScore, in 2022 the Group slowed down the deployment of its own system for displaying the environmental impact of its products. However, in 2024 the roll-out to new markets will continue.

Environmental and societal commitment of L'Oréal brands

Conscious of the influence of its brands, L'Oréal encourages them to inform and mobilise their stakeholders around major environmental and societal challenges. In 2023, 23 brands took action for a cause, in partnership with associations involved in the field, and conducted awareness-raising campaigns with the wider public.

In the context of the *L'Oréal for the Future* programme, the Group has made a commitment that over four million people will benefit from its brands' social engagement programmes by 2030. In 2023, the 23 brands that are actively committed to a social engagement programme enabled more than 4 million[2] people to benefit from support, in partnership with NGOs.

(1) *Excluding recent acquisitions.*
(2) *Consolidated data based on a statement submitted directly by partner NGOs*

L'Oréal Paris	L'Oréal Paris is backing the *Stand Up against street harassment programme*[1] in partnership with the NGO Right To Be. In 2023, 948,509 people in 44 countries learnt how to react as safely as possible to street harassment. The learning programme, based on the 5D[2] methodology, teaches victims and witnesses of street harassment how to react without putting themselves in danger.
Maybelline	Maybelline has developed the *Brave Together* initiative to take action against anxiety and depression. The brand supports associations in over 25 countries. These associations provide access to crisis hotlines and various tools offering personalised support.
La Roche-Posay	The La Roche-Posay *Cancer Support* programme has two components: • improving the quality of life of people with cancer, by combating skin toxicity and promoting support treatments; • preventing skin cancer with publicity and screening campaigns (in 2023, the brand performed 153,000 free skin cancer screenings).
Giorgio Armani	Giorgio Armani is committed to providing regions affected by drought with access to drinking water and sanitation through its *Acqua for Life* programme. In partnership with UNICEF, WaterAid and Water.org, the brand has invested more than €950,000 to provide 297,526 people with access to drinking water.

4.3.1.4. Meeting the most demanding climate 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 CO_2 emissions and identify the action plans that will reduce its impact. Performed since 2007, this assessment 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, referred to as Scopes, and defined in subparagraph 4.3.1.1.3.

In 2023, the GHG footprint of the L'Oréal Group was estimated at 11,501 thousand tonnes of CO_2 equivalent.

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

Scope 1 and 2 emissions measured and reported on a monthly basis correspond to direct emissions from all the Group's factories, distribution centres, administrative sites and research centres, as set out in subparagraph 4.3.1.1.3. Efforts to fight climate change on operated sites.

These CO_2 emissions are measured by all the Group's operated sites[3] and reported monthly using the monthly EHS reporting tool. In 2023, the Group reduced its GHG emissions within this scope by -74% compared to 2019.

Like-for-like basis[1]	2022	2023
L'Oréal Group	-65%	**-74%** ☑
Industrial sites	-51%	**-65%** ☑
Administrative sites and research centres	-87%	**-89%** ☑

[1] *The historical data in this table has been presented using a calculation and methodology consistent with those used in 2023 in order to facilitate a like-for-like comparison of the changes*

Scopes 1 and 2 – emissions estimated on an annual basis

As part of the annual exercise to produce its greenhouse gas (GHG) emissions report and in accordance with the GHG Protocol, L'Oréal includes in its Scopes 1 and 2 figures any GHG emissions related to its vehicle fleet and to the operated stores. As explained in the methodological notes (see paragraph 4.5.1.3.), these emissions are not included in the monthly reporting conducted by the Group's sites, but they are calculated separately on an annual basis.

- Vehicle fleet: in the same way as it calculates the GHG emissions related to the use of fuels, heat, steam, refrigeration or electricity at the Group's operated sites,

L'Oréal also calculates the GHG emissions related to the use of fuel and electricity by the vehicles in its fleet. These are calculated using a new methodology rolled out in 2021, which incorporates more granular data, thereby improving the quality of activity data and emissions factors, based on annual reporting from each subsidiary on its fleet of vehicles. In 2023, these emissions represented 47.3 thousand tonnes of CO_2 equivalent, 98% of which was related to fuel consumption (internal combustion and hybrid vehicles, Scope 1) and 2% of which was related to electricity consumption (hybrid and electric vehicles, Scope 2).

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *https://www.standup-international.com/fr/fr/our-training/bystander*
(2) *https://www.abuseisnotlove.com/fr-fr/*
(3) *"Operated" sites include all production sites (factories, distribution centres) as well as administrative sites and research centres. The reporting only includes sites with more than 50 people, as described in chapter 4.5.1.3. Environmental data*

- Operated stores: as for industrial sites, administrative sites and research centres, the GHG emissions related to the energy consumption required to run the stores operated by L'Oréal are determined on an annual basis. In 2023, a new methodology was implemented based on energy models, whose assumptions will be refined in 2024. This estimate takes several criteria into account: the type of store (high street retail, airport, shopping mall, etc.), the building's date of construction, as well as its location and the associated climate conditions. In 2023, these emissions represented 25.7 thousand tonnes of CO_2 equivalent, 10% of which was related to gas consumption and 90% of which was related to electricity consumption.

For Group operated sites with fewer than 50 people, which are not part of the Group's monthly reporting scope, the emissions are estimated by extrapolation based on a surface-area ratio (representing around 3% of the Group's total surface-area in 2023).

Changes in the comparable data for Scopes 1 and 2 since 2016 ***(in thousands of tonnes of CO_2 equivalent)***[1]

		2016	2019	2022	2023
Scope 1	Operated sites	62.0	46.3	20.2	16.9 ☑
	Vehicle fleet	52.4	37.8	39.2	46.4
	Operated stores	0.8	2.6	2.5	2.5
	Other[1]	0.9	0.3	0.2	0.3
	Group	116.1	87	62.1	66.1
Scope 2	Operated sites	58.5	33.4	7.7	4.1 ☑
	Vehicle fleet	0.02	0.1	0.2	0.9
	Operated stores	9.1	26.7	22.7	23.2
	Other[1]	1.2	1.1	0.1	0.1
	Group	68.8	61.3	30.7	28.3
Scopes 1 + 2	Operated sites	120.5	79.7	27.9	21.1 ☑
	Vehicle fleet	52.4	37.9	39.4	47.3
	Operated stores	9.9	29.3	25.2	25.7
	Other[1]	2.1	1.4	0.3	0.3
	Group	184.9	148.3	92.8	94.4

(1) These emissions include Group operated sites with fewer than 50 people that are excluded from the scope of monthly reporting, as well as CH_4 and N_2O emissions related to the use of bioenergy on Group operated sites (biogas, biomass, wood, biofuels).

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 (purchasing, transportation, use, end of life etc.) and other impacts related to the Group's activities (business travel etc.). These emissions are estimated annually according to the GHG Protocol methodology.

In 2023, work was carried out on Scope 3 of the GHG footprint in order to improve its input data, boundaries and emission factors. For 2023, L'Oréal Group's Scope 3 is estimated at 11,406 thousand tonnes of CO_2 equivalent, an increase of around 450 thousand tonnes of CO_2 equivalent compared to 2022, primarily due to the use phase of our products and indirect purchases.

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

(1) The historical data in this table has been presented using a calculation and methodology consistent with those used in 2023 in order to facilitate a like-for-like comparison of the changes. Historical data is provided in subparagraph 4.3.1.1.3.

The GHG Protocol defines 15 categories of emissions in the Scope 3:

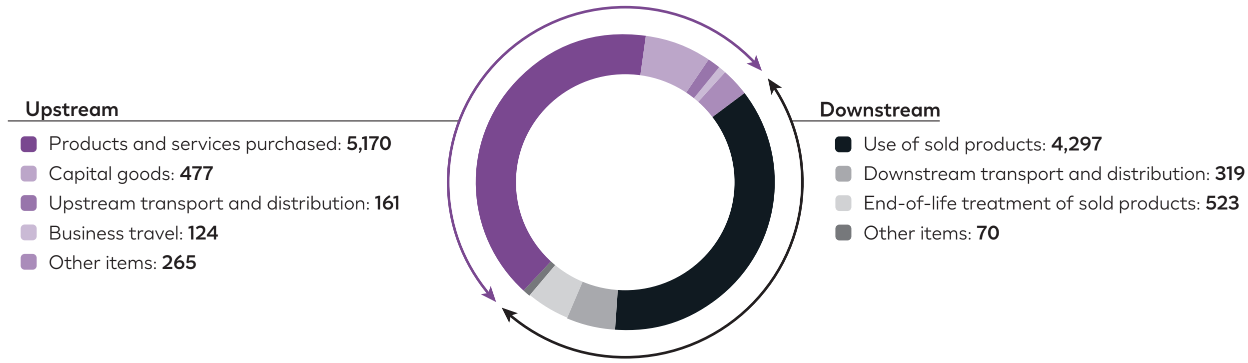
Upstream or downstream	Scope 3 categories	Scope	2022 emissions (in thousand tonnes of CO_2 eq.)	2023 emissions (in thousand tonnes of CO_2 eq.)
Upstream	1. Products and services purchased	CO_2 emissions related to the preparation of all materials used for the products manufactured by the Group, and their promotion at points of sale. These emissions include the material extraction, transportation to suppliers followed by processing prior to delivery; this represents 1,335,058 tonnes of CO_2 eq. for the raw materials used in our formulas and 1,335,256 tonnes of CO_2 eq. for the packaging elements of our products. The CO_2 emissions of this category also include the services purchased by L'Oréal (marketing, advertising etc.) (see subparagraph 4.3.1.2.2.).	5,036	5,170
	2. Capital goods	CO_2 emissions related to capital goods acquired or leased by L'Oréal in 2023 (real estate, production equipment, IT etc.).	458	477
	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.	152	155
	4. Upstream transport and distribution	CO_2 emissions generated by the transport of raw materials, packaging elements and subcontracted products purchased and shipped to production or distribution sites.	127	161
	5. Waste generated by sites	CO_2 emissions related to the treatment by a third party of production waste and wastewater (by a third party) from facilities operated and/or owned by L'Oréal.	8	8
	6. Business travel	CO_2 emissions related to business travel for all employees in all countries. These emissions take into account the different modes of transport used (plane, train, car, etc.).	88	124
	7. Employee commuting	CO_2 emissions related to employee commuting from home to the workplace. This category also includes CO_2 emissions related to the energy consumption of employees working remotely.	97	102
	8. Upstream leased assets	Not relevant: there are no assets operated by L'Oréal and owned by other entities.	-	-
Downstream	9. Downstream transport and distribution	CO_2 emissions related to transporting products sold, including: transportation flows of finished products from the production sites to the first customer delivery point (288,148 tonnes of CO_2 eq.) and consumers' travel to and from the points of sale (30,670 tonnes CO_2 eq.).	353	319
	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 hot water use by consumers for rinsing off L'Oréal products, such as shampoos, shower gels, hair colourants, etc. These emissions mainly depend on the type of energy used for heating water, and the way it is produced (which changes from one country to another). (See paragraph 4.3.1.3.)	4,060	4,297
	12. End-of-life treatment of sold products	CO_2 emissions relating to the treatment of sold products after their use: packaging elements treated in existing waste treatment streams and wastewater treated in water treatment plants. These emissions mainly depend on the type of energy used for the waste treatment water, and the way it is produced.	499	523
	13. Downstream leased assets	Not relevant: there are no assets owned by L'Oréal and operated by other entities.	-	-
	14. Franchises	CO_2 emissions related to energy consumption in the Group's franchised shops.	-	-
	15. Investing activities	CO_2 emissions related to L'Oréal's investments in 2023. Investments are accounted based on the share of L'Oréal's investments in the company or companies in question.	80	70

L'Oréal publishes data using a "cradle-to-grave" approach in order to estimate its carbon footprint globally over the entire product lifecycle[1]. L'Oréal also analyses its emissions using a "cradle-to-shelf" approach, which includes the steps that L'Oréal has the most influence on through, for example, eco-design initiatives (ex: packaging) or support provided to suppliers (ex: energy reduction for processes).

Emissions associated with the cradle-to-shelf perimeter include (i) Scopes 1 and 2 emissions of sites operated by L'Oréal, (ii) indirect upstream GHG emissions linked to L'Oréal purchases of raw materials and packaging articles used for the products manufactured by the Group (these emissions include material extraction, transport to suppliers and transformation prior to delivery), and (iii) indirect downstream GHG emissions generated by the transport of products sold from production or distribution centres to customers. These emissions include transportation flows of finished products from the production sites to the first customer delivery point.

In 2023, the CO_2 emissions associated with the cradle-to-shelf scope represented 434g of CO_2 eq per product sold.

THE MAIN ITEMS OF SCOPE 3 CO_2 EMISSIONS
(thousand tonnes of CO_2 equivalent)



CO_2 emissions in 2023 (Scopes 1, 2, 3) over the entire Group

(thousands of tonnes of CO_2 equivalent)	Scope 1	Scope 2	Scope 3	Scopes 1, 2 & 3
GROUP	**66.1**	**28.3**	**11,406**	**11,501**

Changes in the data of the GHG footprint since 2016 *(in thousands of tonnes of CO_2 equivalent)*

		COMMENTS	2016	2019	2022	2023
Reported figures	Scopes 1, 2 and 3		114	11,762	11,270	11,501
	of which Scope 3		unpublished(1)	11,682	11,245	11,406
Unpublished data	Scopes 1, 2 and 3	Unpublished 2016 GHG footprint results Scopes 1, 2 and 3	9,881(2)			
	of which Scope 3		9,712(2)			
Variances	Scopes 1 and 2	TOTAL RESTATEMENTS	16	68	67	
		Improvement in the accuracy of the methodology(3)	-10	10	15	
		Improvement in the accuracy of the scope(4)	26	58	52	
	Scope 3	**TOTAL OF variances**	**1,509**	**-1084**	-287	
		Improvement in the accuracy of the scope(5)	1,374	1,506	375	
		Improvement in the accuracy of the methodology(6)	-106	-178	-120	
		Improvement in the accuracy of the methodology(7)	-826	-1204	-164	
		Update of emission factors(8)	1067	-1208	-378	
Like-for-like basis	Scopes 1, 2 and 3		11,406	10,746	11,050	11,501
	of which Scope 3		11,221	10,598	10,958	11,406

(1) In 2016, the Scope 3 total reported was that of 2015; only the five main items of the 2016 Scope 3 were updated and reported (representing 90% of Scope 3). The work on the 2016 GHG footprint continued pursuant to the SBT commitments.
(2) Data calculated under the SBT commitments (SBT baseline Scopes 1, 2 and 3).
(3) Improvement in the accuracy of data (including store emissions)
(4) Variation in allocations to leased vehicles and stores, in Scope 3.
(5) Improvement in data accuracy data (emissions related primarily to services purchased, POS, IT, remote working and vehicle fleet).
(6) Variation in the methodology and external databases (transport, capital goods, waste, consumer travel, IT).
(7) Variation in the methodology and alignment of the internal data bases.
(8) Change in the source of the data on the energy mix used for residential water heating in the different countries and changes in the emission factors used for the packaging articles and use of our products.

(1) The "cradle-to-grave" approach includes all the categories listed above: from raw material purchase to product's transportation upstream and downstream, product use and end of life.

For more information on the changes to the GHG footprint data for the above years, together with the restatements published in 2022, please refer to the detailed table in subsection 4.6.5.

4.3.1.4.2. Climate change commitments

The Group's commitments to low-carbon operations management have led to initiatives and achievements aimed at reducing Scope 1 and 2 emissions and the important categories under Scope 3.

Since 2009, L'Oréal has involved its suppliers in the process of reducing its carbon footprint by encouraging them to participate in **CDP *Supply Chain*** programme (see subparagraph 4.3.1.2.2.)

In 2013, L'Oréal committed to reduce the carbon impact of downstream transportation of its finished products by 20% per unit sold per kilometre between 2011 and 2020 (see paragraph 4.5.2.1).

In 2015, L'Oréal undertook to define **Science-Based Targets (SBTs)** to reduce its greenhouse gas emissions across its entire value chain and over the long term, in accordance with the Paris Climate Accords. In December 2017, the SBT initiative validated the Group's proposal: by 2030, L'Oréal is committed to reducing Scopes 1, 2 and 3 greenhouse gas emissions by 25% in absolute value compared to 2016 (with full coverage of the items of Scope 3, in accordance with the definition of the GHG Protocol). By 2025, the Group is also committed to reducing greenhouse gas emissions from all sites it operates by 100% through energy efficiency programmes and a supply made up exclusively of renewable energy. The SBT initiative re-evaluated these Scope 1 and 2 commitments in 2019 and they were considered to comply with the new **SBT 1.5°C** criteria. Roadmaps were rolled out within the different functions (packaging, research, sourcing, supply chain etc.) so that each one contributes to the reduction of Scope 1, 2 and 3 CO_2 emissions. Specific tracking allows each of the segments to monitor its own performance.

In September 2019, L'Oréal joined the Business Ambition for 1.5°C initiative, a call to action for the climate launched by a broad coalition of companies, civil society and UN leaders. The Group has committed to zero net CO_2 emissions by 2050, thereby contributing to limiting the increase in global temperature to 1.5°C above pre-industrial levels.

In June 2020, in the context of the launch of L'Oréal for the Future and in line with its SBT commitment, the Group set out its roadmap for 2030. L'Oréal is committed to a reduction, compared with 2016, of 25% per finished product in the emissions associated with the product use phase, a 50% reduction in the direct emissions of its strategic suppliers and a 50% reduction per finished product in the emissions associated with product transportation. In 2023, its total emissions, including self-identified emissions in the indirect use phase, increased by 0.8% compared to 2016.

According to the revised requirements of the Science Based Targets initiative (SBTi) Net-Zero standard, in October 2023 the Group re-submitted its new 2030 and 2050 decarbonisation pathway. On the date the Board of Directors approved the Management Report, L'Oréal was awaiting the SBTi's validation of this new pathway. This will be published in detail in the 2024 Universal Registration Document.

L'Oréal works closely on the decarbonisation of all areas of its greenhouse gas emission footprint. Continuing its initial advances, and recognising the urgency of efforts to combat climate change and the importance of limiting the increase in global temperature to 1.5° C, the Group has made a new Net-Zero commitment covering mandatory emissions for Scopes 1, 2 and 3 (i.e. excluding the indirect use phase of its products, in order to focus on the sources of emissions closest to its direct control). To reaffirm its commitment to climate action, the Group intends to reduce Scope 1, 2 and 3 emissions by 90% by 2050. Residual emissions will be fully offset by this date. Its decarbonisation plan covers actions throughout its value chain. Its short-term target concerns the decarbonisation of Scopes 1 & 2 and key categories in Scope 3: goods and services purchased by the Group, business travel and downstream transport. As part of the SBTi submission, the work was done to update the reference year (2019) which aligns with the reference year for its other sustainability targets as part of its L'Oréal for the Future programme. Its new series of objectives are as follows:

- Short-term reduction (2030) of -56% for Scopes 1 & 2 and -28% for Scope 3 on the Goods and Services purchased by the Group, its business travel and downstream transport in absolute terms compared to the reference base of 2019;
- Long term reduction in total emissions (2050) of 90% in absolute terms compared to the reference year 2019, residual emissions being offset in order to reach net zero.

The main drivers of decarbonisation

Packaging: Packaging represents a significant part of the GHG footprint of cosmetic products. Reducing this footprint is therefore a key objective in L'Oréal's decarbonisation process. In recent years, the Group has been working to reduce the intensity of its packaging, by optimising it (for example, developing options for refilling, reuse, weight reduction, size increase) along with increasing the proportion of recycled content.

The 2030 decarbonisation plan for the Group's packaging will revolve around five main priorities:

- reducing the intensity of packaging (for example, changing their shape and reducing their weight);
- increasing the proportion and availability of reusable and refillable formats;
- increasing the proportion of recycled content in products (in particular plastics and aluminium), where the carbon footprint of the recycled content is significantly lower than its virgin equivalent;
- working with suppliers on the supply of packaging materials with a low carbon footprint (for example low-carbon aluminium);
- researching ways to reduce the impact of finishing techniques (for example metal plating) and encouraging suppliers to adopt, on a large scale, techniques with lower environmental impact.

Formulas: L'Oréal has been working on the environmental impact of its cosmetic products since 1995, when the Group acquired its first environmental research laboratory to assess and reduce the environmental footprint of its formulas. Right from the design stage, raw materials used in the formulation of products are evaluated as part of a strict ingredient selection process.

In recent years, L'Oréal has focussed its decarbonisation on removing and changing ingredients, as part of its worldwide target for 95% of ingredients in formulas to be biobased, derived from abundant minerals or from circular processes.

To reach its 2030 target, L'Oréal will prioritise the decarbonisation of raw materials in four main areas:

- reformulating products – abandoning ingredients that come from petrochemicals in favour of natural ingredients and replacing ingredients with high intensity carbon emissions;
- studying ways of reducing the impact linked to gases found in the aerosols in its portfolio, in particular gases with strong global warning potential (either by replacing them with other propellants, or changing the format of the products);
- reducing the impact of palm and soya derivatives used in its products by taking action against deforestation, and by encouraging its upstream suppliers to adopt sustainable and regenerative agricultural practices;
- working with its suppliers on the supply of raw materials with low carbon impact, on the energy efficiency of their own production and the use of renewable energy where possible.

Digital marketing: The carbon footprint of L'Oréal's digital marketing comes mainly from emissions linked to the production and transmission of its advertising content.

The Group has done a great deal of work to measure impacts relating to content production and digital media activation, and prioritises the integration of the footprint of its paid influencers.

To reach its 2030 target, the Group will step up its efforts to reduce impact, in particular:

- producing more responsible advertising content, reducing emissions linked to travel and filming locations;
- increasing the utilisation rate of the content produced;
- reducing the impact of the transmission of its advertising content by using optimisation drivers in digital media, such as adjusting the resolution of creations according to the type of device on which they are broadcast, the asset length for each platform, and media planning;
- more broadly, working with its suppliers (including its influencers) towards reducing their emissions.

POS material and advertising components: As part of its L'Oréal for the Future programme, the Group is working to improve the environmental footprint of its advertising materials for points of sale, by gradually increasing the proportion of material that complies with eco-design principles.

To reach its 2030 target, the main areas for decarbonisation will consist of:

- overhauling its POS, broadly applying its eco-design guidelines to lighten its creations, move to single-material content and reduce waste;
- using more recycled materials for display materials;
- continuing to reduce electricity consumption linked to permanent point of sale displays, by optimising them and benefiting from the positive impact of its retail partners' switch to renewable sources of electricity.

Logistics: L'Oréal has long been committed to reducing the emissions generated by the transport and storage of its products.

Its 2030 programme is built around the following main pillars:

- reducing air transport by prioritising local production as much as possible, by adopting multi-sourcing approaches in the Divisions and optimising planning with a shift from air freight to rail/maritime;
- rolling out our new solutions to promote as much as possible multi-modal transport (moving from road to sea, road to rail, for example)
- optimising the load factor (particularly on road freight in Europe and North America);
- using fuels with the lowest emissions (for example biogas, biofuel vehicles, SAFs or fuels with low carbon content for maritime freight, and electric vehicles and cargo bikes for the "last mile");
- encouraging upstream and downstream suppliers to reduce their emissions from transporting products, particularly by developing pilot programmes for the adoption of battery electric vehicles for long distances.

Suppliers: The Group's total footprint is mainly linked to the impact of business activities and its suppliers.

Since 2007, the Group has involved its strategic suppliers in the process of measuring and reducing its greenhouse gas emissions by encouraging them to participate in CDP Supply Chain programme. Carrying out these works is essential to the full decarbonisation of the Group's value chain. In future, the Group's principal objective will be working with strategic suppliers, not only to reduce emissions linked to their Scopes 1 and 2 but also to their Scope 3. Its main areas of work are as follows:

- continuing to train and support its strategic suppliers in order to raise their awareness of climate change challenges;
- continuing to support its strategic suppliers in identifying the main decarbonisation drivers in their business sector, by studying ways to accelerate their progress and by taking measures to promote the reduction of their emissions;
- setting new expectations for its suppliers, so that they can develop their own climate transition plans, including Science Based Targets (or equivalent strategies to reduce emissions);
- boosting the transparency and monitoring of the emissions of each supplier/product in order to monitor progress and stimulate change.

Other areas of decarbonisation: L'Oréal will reduce all emissions associated with its business activity:

- emissions linked to the production of machines purchased by the Group, supporting its suppliers in the decarbonisation of their activities and by encouraging circular economy models, particularly through the refurbishment and reuse of equipment;
- the footprint linked to the construction of its property assets portfolio, particularly through leasing low-carbon certified buildings, optimising its spaces, reducing occupied areas in new buildings;
- its business travel, by implementing a stronger mobility policy.

Beyond 2030: Beyond 2030, to fulfil its Net Zero commitment, the Group must have reduced its greenhouse gas emissions for Scopes 1, 2 and 3 by at least 90% in absolute value by 2050, compared to 2019. L'Oréal plans to offset its residual emissions by eliminating equivalent quantities of carbon in accordance with SBTi "Corporate Net Zero Standard".

The Group intends to capitalise on the solid foundations in place by 2030, which will be strengthened by additional decarbonisation actions. Beyond 2030, the Group focuses on technological progress (and more favourable policies) to expand the range of decarbonisation solutions and make them more profitable to apply on a large scale. Its decarbonisation drivers beyond 2030, which will be detailed according to the speed of technological progress and low carbon emission solutions, may include:

- zero carbon logistics driven by the increased use of cutting-edge solutions;
- new technologies to reduce the impact of its products, including advanced recycling and the use of carbon capture technologies for the production of raw materials for packaging and ingredients;
- the pursuit of innovation in all its commercial functions: product/format innovation in packaging, optimised use of content in digital, continued work to overhaul promotional activities to reduce impact.

The realisation of its "Net Zero" ambition will depend on the broader transformation of the energy system in all countries where the Group operates and the capacity of its suppliers and partners in the value chain to evolve at the same speed and with the same determination. L'Oréal cannot succeed alone and must be able to rely on a favourable political environment. The Group will continue to actively engage with its industry and political decision-makers to promote a broader transition towards a "Net Zero" economy.

Offsetting: the Group will prioritise reducing emissions in its value chain in its trajectory towards "Net Zero". In addition to its activities to reduce its carbon intensity, L'Oréal plans to offset its residual emissions through carbon capture, increasing gradually to full capture by 2050 at the latest.

In December 2023, L'Oréal published its transition plan on its website loreal.com ("Commitments").

4.3.1.4.3. The Group's alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) principles

Conscious of the climate emergency, L'Oréal hopes to transition to an innovative low-carbon company model and will make increasing contributions to fight climate change.

The acceleration of the environmental and social challenges requires a more radical transformation. Since 2015, L'Oréal has been one of the 100 leading companies to join the SBT initiative by aligning its path to decarbonisation with climate science. In June 2020, L'Oréal announced its new L'Oréal for the Future programme. It includes a new set of very ambitious objectives over the entire value chain for 2030: efforts to combat climate change, preservation of water resources, forestry and biodiversity.

In 2020, L'Oréal publicly committed to adopt the recommendations of the TCFD. The Group committed to incorporate climate issues in their strategy and to provide consistent, reliable and clear information to allow investors to include climate-related financial risks in their decisions.

Along with this dynamic move towards a low-carbon transition, L'Oréal intends to fully manage the risks and opportunities related to climate change, anticipate their effects and ensure its resilience. L'Oréal is adapting its business model, governance and decision-making processes, research and Operations in respect of its values and purpose: "Create the beauty that moves the world."

Governance

Every year, the L'Oréal **Board of Directors** determines the Group's strategic orientations, which integrate the challenges, risks and opportunities of climate change and, more generally, the issues of sustainability (see subsections 2.3.2 and 2.3.4).

The **Chief Corporate Responsibility Officer**, who is a member of the Executive Committee, reports directly to the Chief Executive Officer. She reports on the Group's activities every year to the Board of Directors or to the Strategy and Sustainability Committee.

The Chief Corporate Responsibility Officer is responsible for defining and implementing the sustainability strategy. Her tasks include:

- assessing and managing climate-associated risks and opportunities, particularly through her L'Oréal for the Future sustainability programme;
- leading an internal sustainability committee, which includes experts responsible for the rollout of these programmes and their associated policies. These experts come from the Operations, Research, Public Affairs, Communication, Divisions and Brands departments;
- guaranteeing the implementation of the orientations and decisions adopted by this Committee;
- defining annual climate-related objectives and ensuring their deployment throughout the L'Oréal value chain; and
- assessing the level of commitment of all of the Brands, Country Managers and subsidiaries in implementing the climate and sustainability strategy. This implementation determines a portion of the variable remuneration of the Brand and Country Managers (see section 4.1.).

The mission of the **Sustainable Finance Department**, created in 2020, is to integrate the climate change-related environmental and social challenges from a financial standpoint. This Department, which reports to the Chief Financial Officer and the Chief Corporate Responsibility Officer, aims to develop and direct Sustainable Finance actions. This primarily involves enabling the Group to manage sustainable and financial development performance in an integrated manner and to coordinate their actions globally.

In 2022, this Department was in charge of updating the study assessing the financial impacts of climate change risks for the Group (see sections 4.1 and 4.2).

Strategy

The concept behind the main environmental risks covers risks related to the impact of the Group's business activities on its ecosystem and the risks of the impact of climate change in the short and medium-term on its business model, activity and financial performance.

The Group has identified four main risks and three opportunities relating to the physical and transition-related risks associated with climate change. These risks could have potential consequences on the value chain, business activities and the development of the Group's strategy.

The in-depth analyses cover identifying these risks, approaching them proactively, evaluating their impacts using scenarios developed on two assumptions based on the 1.5°C and 3–4°C pathways, and integrating political, economic, social, technological, environmental and legal trends (PESTEL analysis).

Scenarios

These analyses were carried out according to the RCP 1.9 and RCP 8.5[1] scenarios of the Intergovernmental Panel on Climate Change (IPCC) to identify and assess the physical and transitional risks associated with climate change.

- A "governed transition" scenario on the basis of global warming of +1.5°C by 2100 (scenario RCP 1.9). It is based on a structured transition and restrictive regulation, with strong international cooperation, major increased consumer awareness of climate and external effects and, globally, actions to anticipate and attenuate climate change in a more responsible and united world.
- A "disorganised transition" scenario on the basis of global warming of 3–4°C by 2100 (RCP 8.5 scenario). It is based on assumptions of limited international cooperation, growing tensions on trade, economic stagnation or slowdown, significant physical impacts and, generally, a primarily reactive adaptation to climate change.

Two timeframes were considered: a medium-term 2030 timeframe and a long-term 2050 timeframe with the aim of identifying impacts associated with climate assumptions at these dates.

Business experts from the Purchasing, Packaging, Logistics, Research & Innovation, Sustainability, Prospective and Consumer Studies teams were called on for this risks and opportunities analysis.

Studies have been conducted on the impact of the supply of plant-based raw materials on climate change.

Assumptions have been made on: carbon pricing trajectories, stakeholders expectations and consumer preferences. These assumptions represent the main exposure factors of L'Oréal to climate transition risks.

These works enable the Group to adapt its policies and define its strategic objectives in regard to the risks and opportunities associated with global warming. Notably, the results of this study and the action plans were presented to the Chief Corporate Responsibility Officer, the Chief Financial Officer and the Audit Committee.

Risks

The Group's risk review includes physical risks and transition risks associated with Operations and changes in its value chain and ecosystem. Risks as diverse as those associated with extreme weather events on the Group's infrastructures, or the risks inherent in the supply chain, those inherent in resource scarcity, carbon pricing (taxes, emissions trading schemes) and their financial impacts or those related to the Group's reputation and consumer expectations are analysed. They lead to impact assessment procedures as part of the scenarios created and contribute to defining strategic orientations. The risk assessment showed that there is a predominance of transition risks over physical risks; therefore, these are presented first.

The following main risks and opportunities were studied.

Risk 1: as a world leader in cosmetics, L'Oréal is dependent upon the availability of the materials used for its product packaging. The transition to a low-carbon economy is accompanied by developments in the design of more sustainable and innovative packaging and materials. Increased competition in the **sustainable packaging materials market,** resulting in a shortage of associated materials, could have an impact on L'Oréal. These factors may result in an increase in the average price of packaging materials and in production costs. We have already embarked upon long-term action plans to prevent and anticipate these risks (see subparagraph 4.3.1.3.1).

***Risk 2*:** regulations concerning carbon pricing mechanisms (specific taxes on fossil fuels, carbon taxes, and emissions trading schemes) are a major challenge for the Group and its suppliers. In this context, an increase in the price per tonne of direct greenhouse gas emissions for suppliers could be reflected in the sale prices of their products and services and have an impact on L'Oréal's operating costs. In order to mitigate this risk, the Group is working with its suppliers, in particular through CDP Supply Chain, to ensure they devise and implement emissions reduction targets and associated action plans (see paragraph 4.3.1.2).

Risk 3: changes in consumer preferences towards consumption choices increasingly influenced by product carbon footprint and factory overall climate performance could have a material financial impact, progressively and in the medium-term, for L'Oréal. If this risk was insufficiently managed, the reduction in consumer demand could potentially have a negative impact on L'Oréal's revenue. To prevent this risk, the Group's strategy is to continue to reduce the carbon footprint of its products and enable consumers to make informed purchasing decisions. They will be informed in a way that is both transparent and responds to their expectations of the challenges of sustainability (see subparagraph 4.3.1.3.2). The study also took into account the more general assumptions associated with the company's transformation as well as changes in consumer purchasing power, according to the scenarios considered.

(1) *Representative Concentration Pathways [RCP] – AR6*

Risk 4: climate change is expected to lead to an increase in the frequency and intensity of **extreme weather events**, with negative effects for agriculture, primarily in terms of changes in precipitation patterns. The analyses and estimates carried out to date indicate that the overall change in the costs of the main agricultural commodities (palm oil, coconuts, sugar cane and sugar beet, soy) would be more impacted in the medium term by changes in supply and demand than by the effects of climate change on the crop yield of these commodities. However, extreme weather events could occasionally affect the availability of certain commodities, forcing an increase in costs. The climatic phenomena el Niño and la Niña, for example, had an impact on the availability of plant commodities coming from Southeast Asia. In light of this, action plans to give preference to sustainably sourced renewable raw materials have already been rolled out and are being developed (see subparagraph 4.3.1.3.1).

Opportunity 1: a market opportunity consists in innovating and developing products adapted for consumers located in areas of **water stress.** One of the consequences of climate change is the increase in the number of the world's regions facing periods of water shortage, particularly in urban areas. The increasing frequency of these shortages could lead to changes in consumer habits in terms of showering and hair-washing, for example.

In this context, L'Oréal could increase the development of new products, routines or new technologies that improve rinsing or save water in the use phase, thereby increasing consumer awareness of the challenges of water quality and availability.

Opportunity 2: globally, there is a trend towards an increase in the price of non-renewable energy in the medium term. This trend is linked to the regulations and taxes on fossil fuels, as well as the complex balance between supply and demand.

L'Oréal's progressive elimination of the use of conventional fuels in favour of renewable energy would protect the Group from increases in fossil fuel prices, contributing to operating costs that are lower than those paid by other manufacturers who are insufficiently committed to this energy transition. L'Oréal has committed to achieving **100% renewable energy for all its operated sites by 2025,** by developing projects for self-supply of renewable energy on-site, as well as a 100% local and renewable energy supply (electricity, heat, biogas etc.). L'Oréal has already started on this path with, for example, the completion of a series of projects for its own consumption of renewable energy on-site in locations such as the United States, Western Europe, Brazil, China and Australia.

Opportunity 3: current and future regulations and standards, which are linked to the environmental footprint of products and their labels, will help increase consumer awareness to these subjects. In France, recent studies suggest that consumers are paying an increasing amount of attention to product labels and want to make more sustainable consumption choices.

This may offer players in the cosmetics sector who have opted for fair and transparent communication on their environmental impact a competitive advantage resulting in an increase in demand. The multi-criteria approach of L'Oréal to the impact of products beyond regulatory standards makes it a pioneer. The development of **SPOT,** followed by the environmental labelling system, meets the high expectations of consumers and informs them of the carbon footprint of products and a variety of other environmental criteria.

In 2021, L'Oréal committed to a sectoral approach by coming together with its competitors to form the **EcoBeautyScore Consortium**, which aims to develop a scientific methodology for measuring environmental impacts.

Methods for managing risks and opportunities

The Ethics, Risks and Compliance Department identifies and assesses risks with all departments concerned. An additional risk analysis is conducted within the operational entities, in particular for the physical risks associated with climate change.

Contributions are collected from the main operational managers and experts in this area worldwide, across all the Group's business activities and geographic zones. Climate-related risks are the subject of a regularly updated, specific approach that identifies and assesses their financial and strategic impact when the reputation or long-term growth of the Group are concerned.

The Group's global risk map is reviewed regularly, validated by the L'Oréal Executive Committee once a year and presented to the Audit Committee. The Group's risk review process and the regular update of the climate study allow policies and priorities to be constantly adapted. The targets and action plans implemented as part of L'Oréal for the Future are a significant contribution to moderating the climate risks that have been identified.

Measurement of results and reporting

As part of L'Oréal for the Future, these indicators cover the Group's entire value chain in the areas of greenhouse gas emissions, water, biodiversity, resources and waste. They involve targets for 2030. Their progress is published annually (see subsection 1.4.2).

In terms of climate change, the goals announced in the context of L'Oréal for the Future are aligned with the Science-Based Targets initiative that L'Oréal joined in 2015. In this context, L'Oréal is committed to reducing greenhouse gas emissions over its entire value chain (Scopes 1, 2 and 3) by 25% in absolute value (tonnes of CO_2 equivalent) and by 50% per finished product by 2030, compared with 2016. In 2023, the Group's total CO_2 emissions increased by 0.8% compared to 2016 (see subsection 1.4.2).

In 2019, L'Oréal joined the United Nations Business Ambition for 1.5°C initiative and made a commitment to reach net-zero CO_2 emissions by 2050.

A GHG footprint is prepared and published annually. It details emissions over all the items described by the GHG Protocol.

The Group's transition plan is also set out in detail in paragraph 4.3.1.4.2 and on its website, loreal.com ("Commitments").

4.3.1.4.4. Alignment with the European Taxonomy

The European Taxonomy primarily targets sectors that the European Commission has identified as having a strong potential for contributing to the Taxonomy's environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution, and protection and restoration of biodiversity and ecosystems. The beauty sector, to which L'Oréal belongs, is not one of the sectors identified by the Taxonomy to date.

Reminder of the regulatory environment and the L'Oréal sustainability strategy

Pursuant to the European "Taxonomy" Regulation, L'Oréal is required to publish indicators for the 2023 financial year highlighting, since 2021, the eligible share, and from 2022, the aligned share of its sales, investments and operating expenses considered sustainable within the meaning of this Regulation. Until 2022, disclosure requirements only covered the proportion of aligned financial figures in respect of the first two objectives of the Taxonomy Regulation, which are climate change mitigation and climate change adaptation. Since 2023, the Regulation has included the eligible proportion in respect of the four new environmental objectives[1]. In order to comply with these disclosure requirements, the Finance and Legal, Operations, Real Estate, CSR, Research & Innovation Departments have jointly conducted a detailed analysis of all the Group's activities within the consolidated entities.

Eligible activities and their rate of alignment with the Taxonomy Regulation have been identified in accordance with the instructions of the Delegated Acts by verifying whether they contribute substantially, whether any of the five other objectives set by the Taxonomy Regulation have not been met and whether they comply with the minimum guarantees.

In its classification system, the European Commission prioritises business sectors with a strong potential for contributing to the achievement of the European Union's environmental objectives. Within the meaning of the Taxonomy Regulation, L'Oréal's beauty activities are not considered to make a significant contribution to these six environmental objectives. The low rate of eligibility and alignment of the Group's Taxonomy indicators is not a reflection of L'Oréal's sustainability strategy nor of its strong commitment to combating climate change, preserving water resources, implementing the principles of the circular economy, preventing pollution or preserving biodiversity throughout its value chain, a commitment it has demonstrated for many years.

The objectives of L'Oréal for the Future and the 2023 results are described in greater detail in subsection 4.3.1 and section 4.4.

Presentation of the eligibility and alignment results for 2023

Sales indicator: like in 2021 and 2022, the Group has not identified any eligible turnover. L'Oréal is dedicated solely to the beauty industry and, as such, its activities are not considered, within the meaning of the Taxonomy, as making a significant contribution to the six environmental objectives and the sector remains a non-priority sector in terms of those targeted by the Taxonomy. In particular, its industrial activities in the production of raw materials are not covered by the Taxonomy Regulation under the heading "Manufacture of organic basic chemicals" under the mitigation and adaptation objectives.

Investment indicator: As there was no eligible turnover, there were no investments corresponding to activities related to sales, i.e. the manufacture of beauty products, that could be qualified as eligible. The Group's industrial and manufacturing investments are thus classified as ineligible by the Taxonomy Regulation.

In addition, eligible investments do not include the **€100 million allocated to Impact Investing funds** intended to finance the regeneration of damaged natural ecosystems and develop circular innovative solutions. Investments made in funds are not considered eligible expenditure under the Taxonomy Regulation. The objectives of these investment funds and the 2023 results are described in greater detail in subsections 1.4.2 and 4.3.1, paragraph 4.3.1.5 and section 4.4.

Accordingly, the eligibility analysis of the investments was therefore focused on "individual measures" with regard to the climate-related objectives, as well as on the four new objectives[2]. These investments do not reflect the entirety of the Group's financial efforts towards implementing the sustainability strategy.

Eligible investments identified under the climate mitigation and adaptation objectives primarily correspond to leases on premises that are capitalised in accordance with IFRS 16 (94%). The breakdown of eligibility between these objectives is specified in the regulation tables.

Other eligible investments under the two climate objectives have been identified in other activities, mainly enabling activities, as shown in the regulation tables (6%).

Analysis of the last four objectives of the Taxonomy Regulation identified eligible investments related to recycled water production facilities on industrial sites under the transition towards a circular economy objective. These investments were finally evaluated as not significant with regard to the total investments. They were therefore not reported as part of the Taxonomy activities defined for the circular economy objective. This investment does not reflect the action plans and results obtained by the Group in terms of preserving water resources, biodiversity, resources and waste reduction on operated sites, as described in subparagraphs 4.3.1.1.4, 4.3.1.1.5 and 4.3.1.1.6.

(1) *The four new objectives of the Taxonomy Regulation are: sustainable use and protection of marine and water resources; transition to a circular economy; prevention and reduction of pollution; protection and restoration of biodiversity and ecosystems.*

(2) *The four new objectives of the Taxonomy Regulation are: sustainable use and protection of marine and water resources, transition to a circular economy, prevention and reduction of pollution, protection and restoration of biodiversity and ecosystems.*

In 2023, eligible investments totalled €631 million (including €587 million related to long-term capitalised leases on buildings according to IFRS 16), compared to total investments of €2,810 million as defined by the Taxonomy Regulation.

The individual measures under the climate-related objectives are eligible investments. They also include leases that have been capitalised in accordance with IFRS 16, which relate to Aēsop, a company that entered the Group's scope of consolidation at the beginning of September 2023.

In 2022, the amount of eligible CapEx[(1)] stood at €434 million. The variation in the eligible balance in 2023 compared to the 2022 financial year is primarily the result of the frequency of lease renewals and the addition of Aēsop data for this first financial year.

In 2023, aligned investments for the climate change mitigation objective were €139 million, with €114 million invested for the climate change adaptation objective. Alignment under the four new objectives is not required for this financial year. The alignment of capitalised leases under IFRS 16 relating to Aēsop has not been tested in view of the entity's recent integration.

In 2022, the amount of aligned CapEx[(2)] stood at €180 million. The variation in the aligned balance in 2023 compared to the 2022 financial year can be explained by the same reasons as the data for eligibility and the recent integration of Aēsop. These variations do not correlate with the Group's investment policy on actions to adapt to or mitigate climate change.

Total investments as defined by the Taxonomy Regulation (€2,810 million in 2023) includes inflows of tangible and intangible assets for the financial year under review, before depreciation and before any remeasurement, including those resulting from revaluations and impairment, for the relevant financial year, with the exception of variations in fair value. It also includes any inflows of tangible and intangible assets arising as a result of business combinations. It can be reconciled with the consolidated financial statements as follows:

€ millions	2022	2023	Reconciliation with the financial statements
Intangible assets	**612.9**	**905.6**	**Variations in intangible assets tables (note 7.2)**
of which, acquisitions	*339.7*	*355.1*	*"Acquisitions/charges" column*
of which, business combinations	*208.2*	*550.6*	*Included in the "Variations in the scope of consolidation" column*
of which, allocation of GW to the brand	65.0	-0.1	*Included in the "Other movements" column*
Tangible assets	**1,002.7**	**1,214.2**	**Variations in property, plant and equipment tables (note 3.2.2)**
of which, acquisitions	*1,002.7*	*1,150.6*	*"Acquisitions/charges" column*
of which, business combinations	*0.0*	*63.6*	*Included in the "Other movements" column*
Right of use (IFRS 16)	**395.5**	**690.1**	**Right of use table (note 3.2.3)**
of which, new and renewed leases	*395.5*	*500.9*	*Included in the amount given in the note below the table*
of which, business combinations	*0.0*	*189.2*	
TOTAL ACQUISITIONS	**2,011.1**	**2,809.9**	

The alignment rate for the 2023 financial year was qualified with care and using the currently accepted marketplace practices in order to validate the three conditions required for alignment:

- **Substantial contribution and DNSH[(2)] criteria:** The Group's property policy incorporates high standards in terms of the carbon footprint of its buildings, their energy performance and adaptation to the physical risks of climate change, while enhancing its assets through building labelling. In 2023, the Group worked on a property-specific sustainability strategy for operational roll-out in 2024, that will improve the performance of all the new assets acquired. The Group will continue to update and ensure the implementation of the Purchasing Charter and the Sustainable Design and Construction Guide for construction and leasing projects, in order to best address the environmental issues described in the Taxonomy.
- **Compliance with the minimum safeguards:** the Group meets the requirements on minimum safeguards listed in the Platform on Sustainable Finance's (PSF) report. The four themes are specified in other sections:
  - L'Oréal has implemented a Group-wide Code of Ethics as well as the L'Oréal Vigilance Plan, which contains reasonable due diligence measures intended to prevent the risk of serious adverse impacts on Human Rights and Fundamental Freedoms, as well as health, safety and the environment within the framework of a best efforts obligation (see paragraphs 3.4.4.1. and 3.4.5.1.);
  - L'Oréal has a corruption risk prevention policy (see subsection 4.3.4.);
  - L'Oréal considers that the contribution of taxation is an integral part of its CSR (see subsection 4.3.5.); and
  - the Group's Legal Charter reaffirms the obligation to respect local laws and in particular sets out the internal principles for the right to competition (see paragraph 3.5.3.4.).

In connection with the European Commission communication of 16 June 2023 on minimum safeguards (2023/C 211/01)[(3)] and in connection with the SFDR (Sustainable Finance Disclosure Regulation), we confirm that the Group is not exposed to controversial weapons.

(1) *Capital investment expenditure.*
(2) *Do No Significant Harm.*
(3) *https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2023.211.01.0001.01.ENG&toc=OJ%3AC%3A2023%3A211%3AFULL*

The method for identifying eligible and aligned projects and their amounts is described in the methodology note (see section 4.5.). This method will be integrated into the Group's investment validation processes in a more systematic way over the coming years. The Group will continue to adapt its alignment and eligibility analysis and methodology in light of changes to the regulations, listed activities and technical review criteria relating to the Taxonomy Regulation.

Operating expenses indicator: As there were no eligible sales, there were no operating expenses corresponding to activities related to sales that could be qualified as eligible. As a result, the various measures implemented especially to reduce the carbon footprint of the Group's products have not been considered in the performance indicators relating to operating expenses.

The OpEx[1] denominator required by the Taxonomy Regulation is primarily composed of R&I costs (€1,289 million in 2023). It represents a low percentage of the Group's operating expenses. In light of this low weighting, the Group applies the Taxonomy Regulation exemption that allows them not to calculate the OpEx numerator and reports this amount as 0.

Furthermore, L'Oréal concluded that its Research & Innovation programmes are not eligible because they do not fall within the scope of the activities currently covered by the Taxonomy (heavy chemicals). R&I at L'Oréal is focused towards Green Sciences (as described in paragraphs 1.2.8 and 4.3.1.3.1). The allocated annual budget for this was €1,289 million in 2023.

PROPORTION OF NET SALES, CAPEX, OPEX FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES BY ENVIRONMENTAL OBJECTIVE — INFORMATION FOR 2023

	Proportion of net sales/total sales	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
CCM	5%	22%
CCA	4%	4%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(1) *Operating expenses.*

SALES

Financial year		2023		Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities	Code	Sales *€ millions*	Proportion of sales	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned proportion of sales (A.1.) or Taxonomy-eligible proportion of sales (A.2.), 2022	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Sales from environmentally sustainable activities (i.e. Taxonomy-aligned) (A.1)		**0**	**0%**														**0%**		
Of which, enabling		0	0%														0%	M	
Of which, transitional		0	0%														0%		T
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																			
Sales of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. SALES OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1. + A.2.)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Sales from taxonomy-non-eligible activities		41,180	100%																
TOTAL (A+B)		**41,180**	**100%**																

CAPEX

Financial year		2023		Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities	**Code**	**CapEx** *€ millions*	**Proportion of CapEx**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Taxonomy-aligned proportion of CapEx (A.1.) or Taxonomy-eligible proportion of CapEx (A.2.), 2022**	**Category enabling activity**	**Category transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3** & CCA 7.3	8	0%	YES	YES	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	1%	M	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	**CCM 7.4** & CCA 7.4	0	0%	YES	YES	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	M	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	**CCM 7.5** & CCA 7.5	1	0%	YES	YES	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	M	
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6** & CCA 7.6	8	0%	YES	YES	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	M	
Acquisition and ownership of buildings	**CCM 7.7** & CCA 7.7	97	3%	YES	YES	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	Yes	YES	YES	0%		
Acquisition and ownership of buildings	CCM 7.7	25	1%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	8%		
CapEx of environmentally sustainable activities (i.e. Taxonomy-aligned) (A.1.)		**139**	**5%**	**5%**	**4%**	**0%**	**0%**	**0%**	**0%**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**9%**		
Of which, enabling		18	1%	1%	0%	0%	0%	0%	0%	YES	YES	YES	YES	YES	YES	YES	1%	M	
Of which, transitional		-	0%	0%						YES	YES	YES	YES	YES	YES	YES	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Thermal energy storage	**CCM 4.11** & CCA 4.11	0	0%	**EL**	EL	N/EL	N/EL	N/EL	N/EL								0%	M	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	8	0%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								0%	T	
Renovation of existing buildings	**CCM 7.2** & CE 3.2	0	0%	**EL**	N/EL	N/EL	N/EL	EL	N/EL								1%	T	
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3** & CCA 7.3	10	0%	**EL**	EL	N/EL	N/EL	N/EL	N/EL								0%	M	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	**CCM 7.4** & CCA 7.4	0	0%	**EL**	EL	N/EL	N/EL	N/EL	N/EL								0%	M	

Financial year		2023		Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities	Code	CapEx € millions	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned proportion of CapEx (A.1.) or Taxonomy-eligible proportion of CapEx (A.2.), 2022	Category enabling activity	Category transitional activity
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	**CCM 7.5** & CCA 7.5	1	0%	**EL**	EL	N/EL	N/EL	N/EL	N/EL								0%	M	
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6** & CCA 7.6	1	0%	**EL**	EL	N/EL	N/EL	N/EL	N/EL								0%	M	
Acquisition and ownership of buildings	**CCM 7.7**	472	17%	**EL**	N/EL	N/EL	N/EL	N/EL	N/EL								11%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)* (A.2)		492	**18%**	**18%**	**0%**	**0%**	**0%**	**0%**	**0%**								**13%**		
A. CAPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		631	22%	22%	4%	0%	0%	0%	0%								22%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**2,179**	**78%**																
TOTAL (A+B)		**2,810**	**100%**																

* *In application of alignment analysis thresholds, individually insignificant projects have not been analysed. They have thus been qualified as non-aligned.*

OPEX

Financial year		2023		Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities	**Code**	**OpEx** *€ millions*	**Proportion of OpEx**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Taxonomy-aligned proportion of OpEx (A.1.) or Taxonomy-eligible proportion of OpEx (A.2.), 2022**	**Category enabling activity**	**Category transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (i.e. Taxonomy-aligned) (A.1.)		**0**	**0%**														**0%**		
Of which, enabling		0	0%														0%	M	
Of which, transitional		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**0**	**0%**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								**0%**		
A. OPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		**0**	**0%**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**1,354**	**100%**																
TOTAL (A+B) *		**1,354**	**100%**																

* *Costs relating to building renovation, maintenance and repair, and any other direct expenditure connected with the ongoing upkeep of tangible assets, have not been included in our information systems to date, and have therefore not been included in this calculation. However, we consider that the absence of these data does not call into question the application of the exemption not to calculate the OpEx numerator.*

4.3.1.5. Contributing to solving the environmental challenges of the world

In addition to transforming its economic model, the Group's ambition is to help to solve some of the most pressing social and environmental challenges.

4.3.1.5.1. Accelerating the development of the circular economy

Conscious of the growing pressure on natural resources and the global waste crisis, at the end of 2020 L'Oréal set up a global investment fund dedicated exclusively to the circular economy, called the Circular Innovation Fund (CIF). It aims to finance companies that are innovating in the areas of recycling, plastic waste management and materials from the bioeconomy[(1)].

This international fund is co-managed by Cycle Capital Management and Demeter. The fundraising was completed at the end of 2023, with €111 million raised and 12 co-investors gathered. As the primary sponsor of the CIF, L'Oréal is committed to investing a total budget of **€50 million** in this Fund. At the end of 2023, the amount committed by L'Oréal is €12.6 million. More than 425 investment projects were analysed during 2023, with 5 additional investments being made, bringing the total number of investments since the Fund was created to 8. In 2023, the CIF has committed and invested a total amount of €12.33 million, bringing the total amount invested since the Fund was created to €20.81 million. In July 2023, the CIF launched its first edition of the accelerator, a tailor-made six-month programme to support the development of the business and the impact of four circular start-ups. The start-up Sparxell, selling pigments made from biobased materials[(2)], benefited from the accelerator in 2023. The call for applications for the 2024 edition is planned for March.

4.3.1.5.2. Contributing to the regeneration of nature

As part of its commitment to preserving biodiversity, L'Oréal launched the **L'Oréal Fund for Nature Regeneration**[(3)] in 2020. This €50 million impact investment fund, managed by Mirova, is intended to combine financial performance with the creation of environmental and social value. By supporting projects to rehabilitate[(4)] degraded soils, regenerate mangroves, and restore marine areas and forests, the L'Oréal Fund for Nature Regeneration aims to help preserve or restore one million hectares of ecosystem, to capture 15 to 20 million tonnes of CO_2 and create hundreds of jobs by 2030. Since the fund was launched, more than one hundred projects have been considered for the purposes of building the investment portfolio. At the end of 2023, 24 projects were selected for further study, and 16 investment projects totalling more than €27 million were validated. As an example, in April 2023, the L'Oréal Fund for Nature Regeneration invested in the ReforesTerra project, which aims to restore 2,000 hectares of land degraded by pastures[(5)] – one of the greatest challenges facing the Amazon. The project will engage with smallholder farmers[(6)] to directly plant new trees and create a favourable environment for natural regeneration of the forests in the lower Rio Jamari basin in Rondônia, covering 75% of the project area. The remaining 25% will benefit from planting in small clusters[(7)] that attracts wildlife to naturally propagate new forests. This project is one of the largest Afforestation, Reforestation and Revegetation (ARR) projects in Brazil.

4.3.1.5.3. Responding to the climate emergency

In 2023, L'Oréal created a new endowment fund: the L'Oréal Climate Emergency Fund. With a budget of €15 million, it is intended to increase the resilience of vulnerable communities in the face of climate disasters. It supports communities in the most exposed areas by enabling expert partner organisations to help them prepare for and recover from such events.

The funds will be directed towards two types of actions: "prepare", to help minimise the impact of climate disasters before they occur, through disaster planning and early warning systems; and "repair", to restore essential infrastructures and vital services such as healthcare, housing and access to food and water when disaster strikes. The first two L'Oréal Climate Emergency Fund recipients are The Solutions Project, a US-based non-profit organisation and Start Network, a global alliance of more than 80 local, national and international NGOs, that both work on the frontline to provide early and effective responses when and before humanitarian crises strike.

4.3.1.6. Issuance of a sustainability-linked bond

On 22 March 2022, the Group issued its first sustainability-linked bond. This fixed-rate issue, which has a maturity of four years and three months and amounts to €1,250 million, is accompanied by a coupon of 0.875% per year. It is aligned with the Group's Sustainability-Linked Financing Framework, which covers all financial instruments with characteristics that are linked to the sustainability objectives.

The bond was established with reference to the 2020 Sustainability-Linked Bond Principles ("SLBP 2020") as defined by the International Capital Market Association.

(1) *(European Commission, 2012) "A bioeconomy can be defined as the production of renewable biological resources and the conversion of these resources and waste streams into value added products, such as food, feed, biobased products and bioenergy."*
(2) *(ISO 16128 standard) a raw material is considered biobased when more than 50% of the carbons it contains are of natural origin.*
(3) *Regeneration measures are applied to farmland and aim to increase ecological productivity in terms of contributions from nature. Source: OP2B Restoration Framework/Science Based Targets Network (2020). Science-Based Targets for Nature: Initial Guidance for Business.*
(4) *The focus of rehabilitation is on halting and reversing deterioration in ecosystems and restoring biodiversity. Source: OP2B Restoration Framework/Science Based Targets Network (2020). Science-Based Targets for Nature: Initial Guidance for Business.*
(5) *Degraded land is deforested land alongside watercourses which suffers from overgrazing.*
(6) *These are landowners with fewer than four fiscal modules – one fiscal module in the project area is equivalent to 60 hectares, therefore fewer than 240 hectares under Brazilian legislation. Targeting them allows the socio-economic advantages of the project to be channelled towards the most vulnerable groups.*
(7) *This "Applied nucleation" method imitates the natural regeneration process to facilitate the recolonisation of woody plants. It consists of distributing small plots of trees around the target area. These plots, or nuclei, encourage new natural tree shoots to become established, thus expanding the forest area over time.*

The Group's Sustainability-Linked Financing Framework was independently assessed by Sustainalytics, an organisation that evaluates the sustainability of listed companies, which noted contributions to three of the United Nations Sustainable Development Goals[(1)].

The financial characteristics of sustainability-linked bonds are linked to three performance objectives that are related to sustainability. These objectives are presented below along with their 2023 level of achievement in relation to the objectives for 2025.

Performance objectives	2023 Results	Details	2025 target
All L'Oréal operated sites will achieve 100% renewable energy (formerly known as "carbon neutral")[(1)] by 31 December 2025	77%	See p. 194-195	100%
Greenhouse gas emissions (Scopes 1, 2 and 3) on a "cradle-to-shelf" scope will be reduced by 14% per product sold by 2025 compared to the 2021 base year[(2)].	434 (g of CO_2 per product sold) I.e. -3.3% compared to 2021	See p. 223	-14%
By 2025, 50% of the Group's plastic packaging will be recycled or biobased.	32%	See p. 215	50%

(1) A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities, cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect CO_2 Market Based (Scope 2) = 0

(2) The CO_2 emissions by product sold in this cradle-to-shelf scope exclude emissions from Aēsop sites and products.

4.3.2. Human Resources Policy

The mission of L'Oréal's Human Resources Department (HR) is to support the Group's growth and its transformation initiatives. The Group places people at the heart of its organisation. L'Oréal's HR strategy is built on this double conviction: individualised management linked with collective strength.

To meet the challenges of a world that is constantly changing, which impact both the organisation and relationships with work, the Group initiated a process of transformation to adjust its model to new aspirations. It is implementing dedicated HR policies on recruitment, development and engagement. The Chief Human Relations Officer, who is member of the Executive Committee, reports directly to the Chief Executive Officer on a regular basis.

Recruiting, developing and engaging: putting employees at the centre of the business model

L'Oréal has always placed the individual at the centre of its model, convinced that the qualities of each one contribute to the performance of all. L'Oréal finds, recruits, and supports its employees with a long-term engagement vision. Learning and development play a central role all along their professional careers. In order to fully perform their function as strategic partner, Human Resources integrates the technological and digital dimensions and takes into account strong challenges such as social responsibility.

HR plays a central role in the transformation of work methods and management culture. Thus, they supported the rollout of the *Simplicity programme*, initiated in 2016, to foster a management style based on trust, leaving room to initiative, cooperation and development. The programme was supported by a major learning programme, *LeadEnable for Simplicity*, and specific goals target the highest level of the Group.

Since 2020, the members of the Executive Committee and their Management Committees have been evaluated by their peers and their teams via the *Leadership Survey*.

In 2023, we launched the *Simplicity 2* programme, which structures new ways of working to reduce workloads and focus more closely on tasks with high added value.

For L'Oréal, economic growth cannot be separated from social progress. To support this conviction, the L'Oréal *Share & Care* programme, created in 2013 and deployed in all our subsidiaries, offers employees a set of benefits organised around four pillars: social protection, healthcare, work/life balance and the working environment. This programme is constantly evolving and it is regularly improved, most recently in 2023 to support employees with cancer, to ensure it remains relevant and meets employees' needs and expectations at every key moment of their lives.

L'Oréal is committed to providing learning programmes for 100% of its employees every year, worldwide, with the aim of developing their employability over the long-term.

As part of a responsible and innovative social policy, in 2021, L'Oréal has also developed L'Oréal for Youth, a global programme to promote the employment of young people, which provides them with professional opportunities. 25,000 young people benefited from this in 2023.

L'Oréal offers its employees a policy of sharing its growth. Profit-sharing programmes have been in place globally for many years. In 2023, a total of €461 million was paid out under these schemes. L'Oréal set up an employee share ownership plan in 2018, 2020 and 2022. Over 37,000 Group employees worldwide have been able to become shareholders in L'Oréal.

Quality social dialogue is also one of the essential components of the L'Oréal model. It illustrates the Group's desire to involve employees and their representatives to its development.

(1) Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all. Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Goal 12: Ensure sustainable consumption and production patterns.

(2)

L'Oréal acts with the conviction that a policy in favour of Diversity, Equity and Inclusion (DE&I) allows everyone, regardless of their background, gender identity, religion, sexual orientation, age or disability, to give their best in the company. This is an essential driver of performance and innovation and is crucial for maintaining sustainable growth. L'Oréal launched the *L'Oréal For All Generations* programme in France in 2022. The programme is gradually being rolled out internationally.

Policy	Risks	Indicators and principal results
4.3.2.1. Preserving employee health and safety	Employee health and safety risk	Moving towards "zero accidents" is the ambition that L'Oréal has set for itself. Number of injured with lost-time: 128 *(L'Oréal employees and temporary staff).* Objective: Lost Time Injury Rate (LTIR) < 0.5 for all Group sites. Lost Time Injury Rate (LTIR): 0.73. Total Recordable Injury Rate (TRIR): 1.37. Accident severity rate: 0.03.
4.3.2.2. Recruiting and supporting talent	Human resources management risk	11,633 employees hired under permanent contracts. Over 1.3 million applications received in 2023. Over 4.7 million followers on LinkedIn.
4.3.2.3 Training and developing employees throughout their working life	Human resources management risk	100% of employees trained in 2023. 3,472,850 learning hours.
4.3.2.4. Creating conditions for a stimulating and attractive work environment	Human resources management risk	*Share & Care* programme launched in 2013 and enhanced in 2021 and 2023. 96% of the Group's permanent employees benefit from financial protection in case of unexpected life events. 97% of the Group's permanent employees benefit from healthcare coverage aligned with best local practices. In total, 87% of the Group's employees work in countries where there are employee representative bodies on at least one site. 45% of the Group's employees are covered by a national collective agreement and 97% by company collective agreements.
4.3.2.5. Offering a motivating and competitive compensation system	Human resources management risk	Amounts of profit-sharing schemes: €461 million distributed to employees. Plans for the conditional grant of shares to employees: more than 3,600 employees involved. *L'Oréal Retention Plan* (LOREP): over 2,300 employees involved. Employee shareholding plans: around 35% participation. Complementary pension plans in place in 89% of the countries where L'Oréal has employees.
4.3.2.6. Promoting Diversity, Equity and Inclusion (DE&I)	Human resources management risk	On 31 December 2023, women represented: • 52% of all key positions within L'Oréal S.A.; • 57% of all key positions within the Group; • 32% of members of the Executive Committee; • 50% of members of the Board of Directors. With a yearly goal to maintain a proportion of women and men employees that may not be less than 40% in strategic positions (around 300 positions, including members of the Executive Committee). 35 countries are EDGE or GEEIS certified for their gender equality practices and policies ☑, which represents more than 60% of the Group's workforce. 1.9% of employees with disabilities worldwide. L'Oréal's goal is that people with a disability will account for 2% of the Group's statutory employees by 2025.

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

L'Oréal Group social data

STATUTORY EMPLOYEES BY GEOGRAPHIC ZONE [1]

	Europe	Latin America	North America	North Asia	SAPMENA - SSA	Total
2021	34,501	8,594	13,747	20,816	7,594	85,252
2022	34,854	8,528	14,772	21,060	8,100	87,264
2023	**35,816** ☑	**8,713**	**15,244**	**21,694**	**8,556**	**90,293** ☑

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

BREAKDOWN OF STATUTORY EMPLOYEES BY TYPE OF CONTRACT BY GEOGRAPHIC ZONE

		Europe	Latin America	North America	North Asia	SAPMENA - SSA	Total
2021	Permanent contract	33,778	8,209	13,007	8,986	7,536	71,516
	Temporary contract	1,372	235	430	11,344	190	13,571
2022	Permanent contract	33,498	8,294	14,236	9,037	7,874	72,939
	Temporary contract	1,356	234	486	12,023	226	14,325
2023	Permanent contract	**34,424**	**8,643**	**14,765**	**8,831**	**8,287**	**74,950**
	Temporary contract	1,392	70	479	13,133	269	**15,343**

■ Permanent contract ☐ Temporary contract

BREAKDOWN OF STATUTORY EMPLOYEES BY GENDER[2]

	Men	Women	Other genders
Europe	12,973	22,843	
Latin America	3,044	5,669	
North America	4,400	10,695	149
North Asia	4,198	17,766	
SAPMENA - SSA	3,820	4,736	
Global	**28,435**	**61,709**	**149**

BREAKDOWN OF STATUTORY EMPLOYEES BY AGE

	<30 years	30-39 years	40-49 years	>49 years
Europe	6,772	11,717	9,283	8,044
Latine America	1,966	3 540	2,235	972
North America	3,874	4,698	3,284	3,388
North Asia	7,570	10,135	3,548	711
SAPMENA - SSA	2,135	3,734	2,050	637
Global	**23,317**	**33,824**	**20,400**	**13,752**

Average age: 38 years old

(1) *Excluding recent acquisitions. See the methodology notes in paragraph 4.5.1.1.*
(2) *As shown on official identity documents. L'Oréal is gradually adapting, and will continue to adapt, its IT and HR reporting systems to local legal changes regarding gender.*

ABSENTEEISM RATES

	2021	2022	2023	Details
Total absenteeism rate (%)	5.9%	5.0%	4.8%	C/(A-B)
Of which due to illness	2.4%	2.5%	2.4%	D/(A-B)

(A) Number of working days worked by all statutory employees.
(B) Number of days of annual leave taken by all statutory employees.
(C) Number of days of absence (sick leave, occupational diseases, maternity leave, paternity leave, occupational injuries and/or commuting accidents or any other paid or unpaid absence).
(D) Number of days of sick leave (excluding occupational diseases, maternity or paternity leave, occupational injuries and/or commuting accidents).

NUMBER OF RECRUITMENTS

Number of recruitments (Permanent contracts)	Europe	Latin America	North America	North Asia	SAPMENA-SSA	Total
2023	4,194	1,709	3,073	1,060	1,597	11,633
2022	4,440	1,740	3,986	1,057	1,736	12,959
2021	3,699	2,137	3,853	1,970	1,337	12,996

NUMBER OF DEPARTURES

	2021	2022	2023
Number of departures (resignations, retirements, mutual agreements, dismissals and, as of 2023, death and early termination of permanent or temporary contracts).	11,977	10,823	9,730
Including number of dismissals (permanent contracts)	3,153	1,863	1,797

The turnover rate takes into account resignations, retirements, mutual agreements, dismissals and, as of 2023, death and early termination of permanent or temporary contracts. In 2023, it was 10.7%.

4.3.2.1. Preserving employee health and safety

An ambitious shared health and safety policy

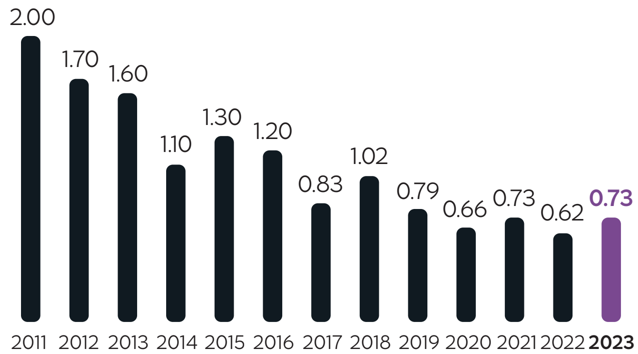
The Health (H) and Safety (S) policy is a priority objective of the Group's general policy and one of its main managerial pillars. All managers are evaluated on their ability to apply it and on their results in this area. It is based on the fundamentals presented in subparagraph 4.3.1.1.1.

Moving towards "zero accidents" is the ambition that L'Oréal has set for the safety of its employees. The Group has implemented programmes aimed at reducing risks and ensuring regular improvement in results through the leadership of managers and the involvement of staff at all levels.

The Group strives to ensure regulatory compliance with its own standards on its sites (industrial or administrative sites, research centres, stores), and checks that its subcontractors and suppliers manage the health and safety of people through a programme of external audits.

128 lost time accidents (L'Oréal and temporary workers) were reported in 2023, compared with 118 lost time accidents in 2022.

CHANGE IN LOST TIME INJURY RATE (LTIR) [1]



The Lost Time Injury Rate (LTIR) is 0.73 and the enlarged total incident rate reported (TRIR)[2] is 1.37. Injured with lost-time recorded in the Group in 2023 resulted in the following frequency rates by entity:

Sites	LTIR 2023	Variation in LTIR vs. 2022	TRIR 2023	Variation in TRIR vs. 2022
Factories and distribution centres sites	1.57	+12%	3.02	-8.5%
Administrative sites	0.29	+45%	0.56	+10%
R&I Sites	0.81	-20%	1.49	-31%
Salesforces & Stores	0.87	+18%	1.34	+19%
Group: all sites	**0.73**	**+18%**	**1.37**	**+2%**

The Group's accident severity rate was the same as in 2022. It stood at 0.03 for the Group and 0.08 for factories and distribution centres in 2023.

The Group had no fatal accidents in 2023, unlike in 2022, when there were two road accidents. Since then, with the support of members of the Executive Committee, the Group has rolled out a mandatory *Road Safety* programme for all employees identified as working on the road.

Priorities

The main Health and Safety priorities and orientations relate to the following nine areas:

1. definition and deployment of strategy and action plans to achieve the targets set: Lost Time Injury Rate (LTIR) <0.5 for all Group sites;
2. commitment and visible participation by management;
3. initiatives to fight the most frequent incidents, which include a worldwide ergonomics programme and a specific *LIFE* programme on potentially serious accidents (see subparagraph 4.3.1.1.1);
4. Health and Safety organisation and practices in compliance with the Group's standards with ISO 45001 certification for all Operations sites;
5. specific learning programme for managers, EHS managers, operators/technicians and for all employees;
6. continuous improvement of the Health and Safety management systems at all sites;
7. active administrative staff participation;
8. sharing of resources, feedback and best practices; and
9. 95% of the Group's factories are ISO 45001 certified for their safety policy.

A global programme dedicated to improving Health and Safety

L'Oréal has programmes with specific and innovative tools to achieve excellence in safety, which is based on four areas:

- a strategy based on risk management, the search for excellence and the sharing of the L'Oréal culture outside the Group;
- analysis of safety and health risks with the following tools: Global Hazard Assessment Procedure (GHAP), Safety Hazard Assessment Procedure (SHAP), Ergoval, Process Safety Management (PSM), Chemical Risk Evaluation (CHERIE);
- analysis of the root causes for the occurrence of incidents/accidents with the Root Cause Analysis (RCA) tool; and
- the use of a correct prevention tool at the right time.

(1) *LTIR: number of L'Oréal staff injured with lost time at one million (10^6) hours worked by L'Oréal employees.*

(2) *TRIR: number of injured L'Oréal and temporary staff – with lost time, with a light duty and/or medical treatment – reported at one million (10^6) hours worked by L'Oréal staff and hours worked by temporary staff.*

Programme to improve the safety culture	**EHS Steering Committees** The Management Committee of each site carries out a general review of the action plans and the effectiveness of the EHS programmes.
	Safety Improvement Opportunities (SIO) The SIO programme encourages employees to inform their direct managers of situations considered to be risky so that corrective measures are taken.
	Constructive Challenge This framework programme is designed to improve the individual safety culture so that all employees play proactive roles both in their own safety and that of others. Each site will set up this programme, depending on its maturity.
Safety control tools	**MESUR (manage efficiently using recognition and realignment)** These are periodic on-site safety visits by a manager. The programme has also been deployed on certain administrative and research sites since 2015.
Flexibility & simplification / User friendly / People empowerment	**Digitalisation of prevention tools** The *Next Generation Tool* programme was launched in 2021; it was designed in order to increase the use of digital tools in the EHS activities. The strategy for the deployment of digital tools is based on a survey conducted in 2020 on all Group sites.
	LIFE The LIFE programme, set up in 2018, targets the activities which, if they are not controlled, can lead to a potentially serious accident.
A programme to improve the ergonomic culture	***Ergonomic Attitude*** This programme, which is intended to be extended to all Group sites, has been based since 2015 on a roadmap consisting of five levels. These levels enable sites to systematically improve their ergonomics culture and determine their individual action plans.
SAFE@WORK SAFE@HOME spread the culture	***Safe@Work-Safe@Home*** This programme is intended to export the L'Oréal health and safety culture outside the Group. We created a partnership with the Royal Society for the Prevention of Accidents (RoSPA) to benefit from their experience and share the L'Oréal experience worldwide. Since 2019, L'Oréal has sponsored a *Safe@Work-Safe@Home* award to recognise the best initiatives in the world.
L'ORÉAL WOMEN IN SAFETY	***Womeninsafety@LOREAL*** This programme was launched in 2021 and is intended to promote the Group's network of women working in the areas of Health and Safety, both in-house and outside the Group. A global steering committee issues a roadmap on the basis of four pillars: promote equity, diversity and inclusion; recognise leadership; be a role model; and develop EHS skills and expertise.
L'ORÉAL ROAD SAFETY	***Road Safety*** L'Oréal implemented a strategy and an evaluation system that allows a holistic approach to road risks. In 2023, over 10,000 administrative staff took the Road Safety e-learning course and 450 risk analyses were carried out worldwide, with the involvement of administrative staff.

Prizes and awards

In 2023, 67 sites covering nearly 46,000 employees were recognised by the RoSPA in their prestigious Health & Safety Awards. A total of 67 awards were won.

4.3.2.2. Recruiting and supporting talent

The Group is continually enriching and diversifying its global talent pool to meet its present and future needs.

The recruitment teams are tasked with attracting the best talent in all countries in which L'Oréal Group operates, so as to form diverse teams that resemble our consumers and integrate all cultures. The recruitment policy is implemented locally by a local network of recruitment experts covering all countries.

To select the best talent with the most diversified profiles who are capable of contributing to its transformation, L'Oréal recruits on the basis of a candidate's skills and potential. The Group is putting in place innovative means to ensure its recruitment is more inclusive. The aim is to capitalise on candidates' strengths such as ambition, resilience, empathy, judgement, and learning agility.

L'Oréal has a unique know-how in working with higher education to identify and recruit new graduates. The Group relies on the following schemes, in particular:

- Brandstorm, the Group's innovation competition for students. In 2023, the 31st year of this competition brought together more than 92,000 students from 72 different countries, in a completely digital format, enabling them to immerse themselves in the beauty industry and find out about the Group's values of innovation and entrepreneurship;
- Management Trainee programme *L'Oréal SeedZ* is a rotational programme that prepares more than 1,000 new graduates across the world for major business responsibilities; and
- the French International Business Internship (Volontariat International en Entreprise – VIE) scheme, which enabled more than 150 young Europeans under the age of 29 complete an internship of between 12 and 24 months in 16 Group subsidiaries in 2023.

The Group is continually improving its powerful digital communications system which allows to enhance the employer image, to share, daily and transparently, the richness of its jobs and the diversity of its career paths and to explain its culture. L'Oréal's Social Media strategy in recruitment is considered to be an industry benchmark. A strong presence on LinkedIn, with more than 4.7 million followers, helps with proactively recruiting the best talent.

For several years, L'Oréal has been ranked by Universum as one of the best employers in France and in the world.

An International team provides L'Oréal recruiters around the world with cutting edge digital tools to efficiently select the best candidates from among over 1.3 million applications received. Paradox is one of a range of such solutions that use technology, including artificial intelligence (AI), to provide greater efficiency, improve the candidate experience and target a broader diversity of backgrounds. The Group has been moving in this direction since 2017 and imposes the highest standards to ensure a responsible and ethical approach in its design and use of AI.

In 2023, the recruiter community worked together on several topics, such as the candidate experience, mastering computer tools and data quality, as well as learning for managers involved in the recruitment process.

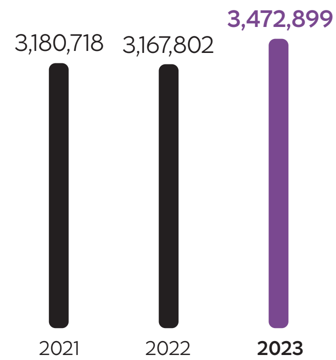
In 2023, the Group continued to roll out its global L'Oréal for Youth programme, through which it created 25,000 job opportunities per year for those under the age of 30. In 2023, this objective remains unchanged, particularly with regard to L'Oréal BOOST, which gives 20,000 young people access to the Coursera learning platform, or to mentoring and coaching initiatives to support and strengthen the employment prospects of young people all over the world. The programme has been enriched with new initiatives, such as masterclasses led by business leaders.

Successful integration of new employees lays the groundwork for a lasting, quality relationship with the Company. The FIT integration programme provides everyone with the keys to success within the Group, both from an operational standpoint and in terms of sharing the corporate culture.

4.3.2.3. Training and developing employees throughout their working life

L'Oréal considers the development of its employees as one of the main drivers of its performance and its transformation. In terms of learning, the Group's ambition is to develop the potential and employability of each employee throughout their lives, and to prepare tomorrow's leaders.

NUMBER OF HOURS OF LEARNING



BREAKDOWN BY GEOGRAPHIC ZONE

	Number of hours
Europe	1,112,926
Latin America	415,432
North America	424,995
North Asia	1,101,895
SAPMENA + SSA	417,651

L'Oréal's strategy for developing its employees and ensuring a competitive advantage is based on four drivers:

- ensuring that employees have mastered the core skills required for their role;
- providing an unparalleled learning experience that motivates employees to continue learning;
- enabling the transformation of the company and the acquisition of skills in addition to those required by the current post through large-scale upskilling programmes; and
- supporting and developing employees at each key stage of their career path.

Learning to secure essential skills

L'Oréal equips all employees taking up new positions with JOB MUST learning programmes that enable them to develop essential skills from the first few weeks. More than 41,000 employees benefited from this in 2023.

The Learning Departments of the Divisions and functions work closely with the Operational Departments to anticipate these critical skills and identify the most appropriate learning solutions.

The Learning Departments in the various Zones play a key role in implementing these solutions. Regional campuses are used to deploy the solutions in every country, and the Learning Departments ensure that at least 80% of relevant employees take part in them at the appropriate time in their professional career.

In addition to developing these business-line specific skills, and in partnership with the Internal Control Department, the Learning teams are responsible for rolling out six regulatory learning courses: Compliance with Competition Law, Data Privacy for All, I-Secure, Join the Next Shield, Ethics & Human Rights, The Way We Prevent Corruption. These solutions were delivered to more than 266,000 employees Group-wide in 2023 for all learning courses.

Providing an exceptional learning experience

After the Covid-19 crisis, during which the remote format was preferred, the People Development & Learning teams have fully reinstated the face-to-face learning format, which represents 56% of total learning activity. This makes it possible to enhance inter-personal skills, which are an essential aspect of certain learning courses (onboarding, corporate culture, managerial attitudes etc.).

This new mix of online and face-to-face learning offers greater opportunity for a high-quality learning experience, as it can be adapted to regional themes and contexts. The level of the learning programmes is assessed by participants. In 2023, they have given an impact score of 80/100[1].

***L'Oréal University* supports the Group's transformation**

The Group's transformation dynamic is underpinned by the learning programmes L'Oréal University delivers on various issues: CSR strategy, the digital revolution that impacts all functions, the transformation of marketing, the acceleration of e-commerce and changes in working conditions and managerial practices.

Organised around major areas of expertise (Leadership and Culture, E-Commerce, Tech Data & Analytics, Marketing and Retail), L'Oréal University's offerings are open to all employees, regardless of the business line or country in which they work. This helps to form a common vision and shared practices within the organisation.

The L'Oréal University of Leadership[2] and Culture supported the "*Simplicity 2*" managerial change programme by designing and delivering a seminar for all Group employees to improve psychological safety and the effectiveness of meetings. More than 12,000 employees, including 150 management committees have taken part in this seminar since it was launched in April 2023.

As an example of its certified excellence, in 2021 the L'Oréal University of Leadership and Culture obtained CLIP[3] accreditation from the EFMD[4], the European standard for leading business schools.

In April 2023, L'Oréal launched its University of Retail, the mission of which is to design and coordinate the Group's learning offering for 25,000 employees or more (in-house and external) who work in the retail sales, head office and field segments: international teams, beauty advisors, trainers and designers.

In 2023, as part of its environmental commitments and its L'Oréal for the Future programme, the Group launched Going Sustainable Together, a priority learning programme for all employees. It addresses the impact of climate change on their working lives as well as on the L'Oréal ecosystem. This learning programme gives employees tools they can use to change their behaviours to be more sustainable. This was delivered to more than 34,000 employees in 2023.

In order to continue to nurture the Group's ambition to be the market's number one Beauty Tech, the University of Tech, Data & Analytics launched the *Data4All* programme in the second half of 2022. This programme, which was followed by more than 35,000 employees in 2023, aims to train participants in the main principles of working with data.

L'Oréal University organised the first "*L'Oréal University Week*", from 27 November to 1 December 2023, to raise awareness among Group employees of the next stages of their professional development. This event involved each University leading an hour-long online session around the key issues related to its area of expertise and the implications of these in terms of skills. This first edition generated more than 7,700 live connections to the sessions.

A new experience in individual development

In 2023, L'Oréal consolidated its performance evaluation system with a process based on regular conversations, called CONNECT.

These conversations increase agility by bringing employees together with their managers, as well as with other key stakeholders, to define their performance and development objectives. To achieve these objectives, they may select the most appropriate learning courses from over 20,000 available resources, developed by L'Oréal or by digital content providers such as LinkedIn Learning, TED, Coursera and Busuu.

4.3.2.4. Creating conditions for a stimulating and attractive work environment

The L'Oréal *Share & Care* programme: an accelerator of social progress

L'Oréal has always aimed to offer its employees security and protection. The *Share & Care* programme continues a long tradition of social progress and individual care. L'Oréal makes, and will continue to make, a difference by putting people at the centre of its concerns, its organisation and therefore its development.

The Group aspires to an attractive work environment that encourages all employees to thrive professionally and personally.

With its *Share & Care* programme, L'Oréal has made its social model universal in a manner that befits its global status. This strong commitment reflects the Group's vision that sustainable growth must go hand-in-hand with a high level of social performance. L'Oréal launched and implemented *Share & Care* collaboratively in all its subsidiaries in 2013, and renewed the programme in 2017, 2021 and again in 2023. Its ambition is three-fold:

- to ensure a common base of social protection with minimum guarantees in all subsidiaries;
- to be one of the most socially advanced employers in each market, and to adopt local best practice where that goes beyond the common base; and

(1) Summary of the evaluations made by participants at each learning session.
(2) The learning in question is detailed in subparagraph 4.3.1.1.1.
(3) The Corporate Learning Improvement Process (CLIP) programme is the leading independent accreditation system for corporate learning functions.
(4) EFMD is the authority in the accreditation of business schools and corporate learning teams.

- to make each subsidiary a "social innovation laboratory" by encouraging local initiatives that are in line with their employees' expectations.

The programme is constantly adapted to reflect societal changes. Mental and physical health receive special attention.

Employees are taught about their "personal ecology"[1] and provided with support for managing it. Prevention campaigns on mental health, stress management and psychological safety are in place in all subsidiaries. From 2023, in connection with the worldwide *Simplicity 2* programme, these campaigns have been routinely incorporated into annual recharge days. These arrangements form part of the action plans drawn up on the basis of the results of the Pulse engagement survey.

From 2023, the L'Oréal *Share & Care* programme includes a financial, psychological and professional support policy for employees with cancer. This policy, which also aims to lift the taboo surrounding this disease in the workplace, is gradually being rolled out to all subsidiaries.

The four pillars of the L'Oréal *Share & Care* programme

This social programme revolves around four pillars that have been implemented in all countries:

Pillars	Objectives	Main commitments achieved or in progress in all countries
PROTECTION (Social protection)	Providing employees and their families with sufficient financial support for unexpected life events.	24 months' salary, or equivalent pension, in case of death. 24 months' salary, or equivalent pension, in case of total permanent disability. An employee benefit scheme aligned with the best practices in each country Payment of at least a living wage.
HEALTH (Healthcare)	Providing employees and their families with access to a high-quality healthcare system and prevention measures, placing greater emphasis on mental and emotional health, to create a new global approach to "personal ecology".	Reimbursing at least 75% of medical costs in the event of major risks (hospitalisation, surgery, drugs for chronic and severe diseases). Prevention and information campaigns on mental and emotional health, with individual (medical check-ups) and collective (melanoma, diabetes, obesity, HIV etc.) campaigns for physical health. Policy for supporting employees with cancer. Employee Assistance Program (EAP), programme offering assistance and support to employees in their personal life, addressing emotional, practical and physical needs, in all subsidiaries where this service is available. Promotion of sporting activities (equipment and internal services, external partnerships). Ergonomics learning/awareness/prevention initiatives. An individual domestic violence policy for each subsidiary.
BALANCE (Work/life balance)	Enabling all employees to fully experience milestones in life such as parenthood and enabling working organisation for a good work/life balance.	At least 14 weeks' fully paid maternity/primary parent leave. At least six weeks' fully paid paternity/secondary parent leave. 3 days per year of special leave for employees who are caregivers. A hybrid working policy, including up to two days remote working per week.
WORKPLACE (Working environment)	Offer employees the most pleasant, collaborative and productive work spaces.	Having new premises that are accessible by public transport and for people with reduced mobility. Subsidised, healthy lunches every day. Thanks in particular to the services and equipment (collaborative working, experience of digital work, catering, sport, relaxation, concierge services, beauty locations, staff store, parking, human-powered mobility etc.) offered to employees by campuses (office environments) and according to the highest global standards, L'Oréal offers high quality work spaces.

In 2023, **96%**[1] of the Group's permanent employees had access to financial protection for unexpected life events, such as death or permanent disability.

In 2023, **97%**[1] of the Group's permanent employees had access to healthcare coverage reflecting the best practices in their country of residence.

(1) *Permanent employees of the Group excluding, in some countries, part-timecontracts of <21 hours a week, casual contracts, beauty advisers and storeemployees, knowing that the integration of recent acquisitions and newsubsidiaries is gradual.*

(1) *The concept of personal ecology relates to personal and professional behaviours to ensure that the resources necessary for good physical and mental health are maintained or replenished.*

L'Oréal *Share & Care* assessment tools

In the interests of transparency and reliability, the programme is regularly assessed to ensure it has been implemented properly:

- self-assessment and creation of an action plan using a follow-up tool completed by each subsidiary annually;
- internal audit via a detailed check on how the programme is being implemented by subsidiaries; and
- external audit: certain key indicators are audited within the scope of the annual external audit by the Statutory Auditors.

The ILO is a partner in the L'Oréal *Share & Care* programme

The L'Oréal *Share & Care* programme attracted the attention of the International Labour Organization (ILO) during its study on how major companies are contributing to the global expansion of social protection. A close partnership has ensued. L'Oréal is a founding member of the Global Business Network for Social Protection Floor, which the ILO launched in 2015. This network allows firms to join forces to create a basic set of social protection measures for everyone.

Flexible work organisation

Work is organised according to the location and activity of each subsidiary, in compliance with legal and contractual obligations. In several subsidiaries, both work organisation and working time are governed by collective agreements.

L'Oréal believes that flexibility at work is a key element in attractiveness. This flexibility is strengthened further by the global "Hybrid Working" policy, implemented in June 2020. Eligible employees may work remotely for up to two days a week, on a voluntary basis, in agreement with their line manager and provided it fits with how the team is organised. All Group subsidiaries have adopted this policy. In addition, 59 subsidiaries have now set up a flexible working time policy.

Employees from all categories have chosen to work part-time. Of the 5,543 part-time employees in 2023, 89% were women

It should be noted[1] that L'Oréal provides five days' availability on full pay for employees who have commitments with the French army reserves.

The L'Oréal For All Generations programme

For L'Oréal, the inclusion of more experienced employees (over 50 years of age), who represent 22.5% of the European workforce and 15.2% of the global workforce, is a long-standing commitment. As careers get longer and the digital transformation accelerates, the Group has gone one step further and launched the *L'Oréal For All Generations* programme, which makes intergenerational relations and employment prospects at the core of its objectives. The programme aims to create an attractive working environment, encouraging employees to flourish professionally and personally from the moment they join until they retire. It focuses on five key areas:

- promoting intergenerational inclusion, equity and diversity;
- adapting health and wellness programmes;
- developing career-long employability;
- preparing for a successful transition to retirement; and
- laying the groundwork for life after L'Oréal.

Launched in France in 2022 and inspired by the Spanish *Generaciones* initiative, this programme is gradually being rolled out internationally, particularly in Europe and the United States.

An active social dialogue with employees and their representatives

As a signatory of the United Nations Global Compact since 2003, and in compliance with its Employee Human Rights Policy, L'Oréal respects freedom of association and the right to collective bargaining.

When employees wish to be represented by employee representatives, these representatives are elected without company interference. They have access to workplaces and consenting employees, as well as to local documentation that can help them to perform their duties, subject to compliance with the Group's rules on confidentiality and security. In countries where freedom of association and the right to collective bargaining are restricted or non-existent, there are other modes of dialogue that enable employees to report any concerns.

In the context of these general principles, the social climate at L'Oréal is the fruit of an ongoing dialogue between Management, employees and their representatives, respecting the rights of local trade unions and treating them all equally.

Employee representation bodies are in place in most European subsidiaries, in several Asian subsidiaries[2], in Africa[3], in North and South America[4] and in New Zealand. In total, 87% of the Group's employees work in countries where there are employee representative bodies on at least one site. 45% of the Group's employees are covered by a national collective agreement and 97% by company collective agreements.

Two Directors representing the employees have been members of L'Oréal Board of Directors since 2014 (see paragraph 2.2.1.3.).

In 1996, L'Oréal signed an agreement with the French and European trade unions, which led to the establishment of the European Works Council (*Instance Européenne de Dialogue Social*). This council represents more than 31,000 employees in 25 member countries of the European Economic Area and the United Kingdom. With 30 members, this council holds regular discussions with Management about the Group's current situation and its future perspectives, on the basis of an agenda prepared with the Liaison Secretariat.

L'Oréal's social policy permits the signing of collective agreements every year. In 2023, 167 agreements were signed in France and 78 agreements were signed in the rest of the world. In total, the number of agreements in force on 31 December 2023 was 824, 466 of which were in France and 114 of which wholly or partially involve health and safety issues. These agreements primarily cover work organisation, compensation and working conditions (working hours, quality of life at work, professional equality, remote working, human-powered mobility, health and safety etc.). They contribute to the smooth operation and performance of the Group by strengthening employee participation and dialogue with their representatives.

(1) *Pursuant to Article L. 225-102-1 of the French Commercial Code, as amended by the Law of 1 August 2023 on military programming, providing for the publication of information on action to promote links between the Nation and the Army and to support commitment to the reserves.*
(2) *China, South Korea, India, Indonesia, Japan, Vietnam.*
(3) *South Africa, Kenya, Morocco.*
(4) *Canada, the United States, Argentina, Brazil, Chile, Colombia, Mexico.*

4.3.2.5. Offering a motivating and competitive compensation system

The principles of the remuneration policy

L'Oréal's remuneration policy is an integral part of the Group's development strategy. L'Oréal wants to attract and retain talent, offer motivating career paths and encourage employee performance and engagement while supporting the evolution of its jobs and business.

LIVING WAGE CERTIFIED

The Group ensures that all employees receive at least the minimum salary set by local law or the applicable collective agreements, and that they receive a living wage that covers their basic needs, calculated in line with best practices. In 2023, for the second consecutive year, the Group was certified by the NGO Fair Wage Network as a "Living Wage Employer" for its worldwide workforce. This certification confirms that the Group's employees are paid more than the living wage defined each year and for each country by this independent expert.

A total rewards approach is used to provide each employee with a competitive rewards package that includes both components of remuneration and employee benefits.

The Group is implementing a remuneration policy that combines external competitiveness with internal equity. This rewards both individual and collective performance. Employees share in the Company's results through collective profit-sharing schemes rolled out globally.

The L'Oréal remuneration policy is formalised within a Rewards charter and is implemented by a worldwide network of Rewards experts. External surveys are conducted every year with specialist firms to ensure L'Oréal's competitive positioning in relation to each local reference market.

The ambition is for all employees to clearly and transparently understand their remuneration and how it is determined.

Remuneration decisions are guided by an annual employee performance assessment system that is used in all subsidiaries. It enables the communication of remuneration decision making principles, processes and outcomes. The Group is implementing a new HR information system that will enhance and update communications on this subject.

Personnel costs (including welfare contributions)

€ millions	2021	2022	2023
TOTAL	**6,471**	**7,264**	**7,796**

This amount is calculated by applying accounting standards; it covers a broader scope than the scope for the consolidation of social data, as defined in paragraph 4.5.1.1.
The comparison between the three years includes the foreign exchange impact and is not representative of real changes in personnel costs.

Employee shareholding plans

Keen to share its growth with its employees, L'Oréal launched its first worldwide employee share ownership plan in 2018. The results were very satisfactory. L'Oréal wanted to provide eligible employees the opportunity to support the growth of the company and participate in its strategic development by launching two new plans in 2020 and 2022. These plans were designed to gather, unite and increase the loyalty of employees worldwide by enhancing a feeling of belonging, commitment and social cohesion.

Eligible employees had the possibility of purchasing shares with preferential conditions including, where permitted by local law, a 20% discount on the share reference price, with an employer matching share contribution of up to four free shares.

The plan was rolled out in 62 countries in 2022, seven more than in 2020. It was a big success with a 35% subscription rate, similar to the first two plans. This is a high percentage compared to other companies that have set up employee shareholding plans[1].

Plans for the conditional grant of shares to employees (ACAs)

L'Oréal sets up long-term incentive plans for its international senior managers and corporate officers. These take the form of grants of performance shares. These grants serve a dual purpose: to motivate and include the major contributors in the Group's future successes, and to strengthen the commitment and feeling of belonging of its beneficiaries by fostering long-term loyalty in a context of increased competition for talent.

According to the Group's strategic objectives, the choice of beneficiaries and the vesting criteria are settled in a specific policy. The Board of Directors, subject to the recommendation of the Human Resources and Remuneration Committee, approves the conditional grant of shares and lays down the applicable rules. The vesting of these shares is subject to the achievement of performance targets and the beneficiary's continued presence in the Company. Performance conditions include both financial and non-financial performance criteria (see section 5.4.).

54% of the beneficiaries of the 12 October 2023 plan are women. More than 3,600 employees, representing approximately 8% of the managers around the world, nearly 54% of whom are in international subsidiaries, benefit or have benefited from at least one conditional grant of shares plan since 2019 and were still employees of the Company on 31 December 2023.

(1) *2023 survey on employee share ownership by the French Federation of Employee Shareholder Associations and Former Employees – FAS. The survey includes entities in France that practice employee share ownership and performs a recurring analysis between these same entities.*

L'Oréal Retention Plan (LOREP)

In 2022, L'Oréal set up the *L'Oréal Retention Plan*, a new employee retention scheme. Local talents who are not yet eligible to the employee share plans are the targets of this plan, which takes the form of a deferred bonus over three years. The scheme is implemented and managed at country level, based on a Group-wide guideline. More than 2,300 employees in more than 50 countries are now beneficiaries of this scheme.

Profit sharing schemes

L'Oréal wishes to include employees in the results of the Company to enhance their feeling of belonging and motivation. In 2023, on the basis of its 2022 results, the Group redistributed €461 million to employees under the profit-sharing schemes in place. The first profit-sharing schemes were introduced in France in 1968 when a Group profit-sharing agreement ("participation") was signed in France, followed by another Group incentive agreement ("intéressement") in 1988, and these agreements have been constantly renewed since then. Since 2001, L'Oréal has implemented a *Worldwide Profit Sharing Programme* in all the Group's subsidiaries in which the employees do not benefit from legal or contractual profit sharing schemes. The amounts paid within this framework are calculated locally on the basis of the turnover and profit of each subsidiary, as compared to the budgeted targets.

Amounts paid under these programmes *(€ millions)*	2021	2022	2023
TOTAL[1]	**352**	**418**	**461**

(1) *Profit sharing schemes.*

Employee benefit and pension schemes

L'Oréal ensures that its employees benefit from competitive retirement and death/disability insurance plans in all countries. Since 2002, an International Benefits Supervisory Committee has overviewed the management of these schemes in the subsidiaries and monitored the implementation of L'Oréal's Retirement and Employee Benefits policy.

L'Oréal's commitments with regard to welfare schemes are part of the Protection pillar of the L'Oréal *Share & Care* programme. In all subsidiaries, L'Oréal guarantees the payment of a lump sum, or equivalent pension, equal to a minimum of 24 months' salary in the event of death or total permanent disability, or a higher amount where it is the local practice.

The characteristics of retirement schemes and other end of career benefits offered by the subsidiaries vary depending on the applicable laws and regulations as well as local practices.

In 89% of the countries where L'Oréal employees work, the Group contributes to the build-up of supplemental retirement benefits for its employees in addition to the minimum benefits of the public social security system.

Retirement plans are financed by payments into specialised funds, or by setting up provisions, in accordance with the accounting standards adopted by L'Oréal. The performance of the managers of the main investment funds, as well as the financial stability rating of the custodians, are regularly reviewed by the International Benefits Supervisory Committee.

L'Oréal does not offer company retirement plans in countries that do not have an appropriate legal framework, or long-term investment instruments, and in countries where there is a satisfactory public social security system. The International Benefits Supervisory Committee remains attentive to changes to local situations and, when needed, additional complementary schemes are put in place.

Overview of the pension and employee welfare schemes in France

Pension schemes: To supplement the pensions provided for by the compulsory French pension scheme, L'Oréal has implemented some supplementary pension schemes described below.

Defined contribution schemes: L'Oréal set up a "defined contribution pension scheme". After one year of employment, all categories of employees are beneficiaries of this scheme, which is financed jointly by L'Oréal and the employee. This makes it possible for everyone to build up retirement savings. This scheme entitles pensioners to a life annuity (or to a lump-sum, under certain conditions), calculated after they claim their pension rights under the Social Security pension system. This annuity is calculated on the basis of the capital formed by the contributions paid and the financial income on such contributions at the end of the employee's career, as well as the annuity option selected. On 1 April 2021, the scheme was converted into a Mandatory Company Savings Plan (Plan d'Épargne Retraite Obligatoire – PERO) within the framework laid down by the French Pacte law (Loi Pacte). This made it possible to introduce many improvements to the scheme, such as new options for paying into it, more diversified financial investments and more flexible exit conditions.

Defined benefit schemes: L'Oréal has set up several defined benefit schemes with unvested entitlements, that were initially differential and then additive. The aim was to take into account important developments impacting these schemes, with the aim of building a coherent system between the different pension schemes that exist in the Company.

French Order No. 2019-697 of 3 July 2019[1] no longer allows the acquisition of unvested new rights in schemes open on 20 May 2014 for employment periods after 31 December 2019. In this context, L'Oréal froze the rights at 31 December 2019. In 2021, the Group finalised the establishment of two substitution schemes with vested rights[2]: the "Supplementary pension scheme for Former Senior Managers with vested rights" (Retraite supplémentaire des Retraités Anciens Cadres Dirigeants à droits acquis) and the "Retirement Income Guarantee for former senior managers with vested rights" (Garantie de Ressources des Retraités Anciens Cadres Dirigeants à droits acquis). These schemes are considered as the continuations of the old schemes because of the consistency in terms of population and benefits.

The "Supplementary pension scheme for Former Senior Managers" concerns retirees who have held positions as senior managers for a minimum of 10 years, hired or promoted to this position between 1 January 2016 and 4 July 2019, who end their career in the Company. This is an additive defined benefit pension scheme which grants entitlement to payment of a life annuity. The reference salary used to calculate the pension is the fraction of the salary which exceeds six times the French annual Social Security ceiling. The calculation base of the supplementary pension is the average of the revalued reference salaries for the best three full years of activity out of the seven calendar years prior to the end of their career. The supplementary pension is 1.36% of the calculation base per year of service within the Group until 31 December 2019, up to a maximum of 25 years. Any retiree who so wishes could elect an option of a surviving spouse pension.

(1) *Transposing the European Directive of 16 April 2014 into French law.*
(2) *Pursuant to French Order no. 2019-697 for employment periods from 1 January 2020, following the publication of the circular of 23 December 2020.*

Access to the "Retirement Income Guarantee for former senior managers" was closed on 31 December 2015. This scheme, created on 1 January 2001, was open to former senior managers of L'Oréal who, in addition to fulfilling the requirement of having ended their career with the Company, met the condition of holding senior manager status for at least ten years at the end of their career. It entitles beneficiary retirees to payment of a life annuity, and to payment, after their death and subject to conditions, to their spouse and/or ex-spouse(s) of a surviving spouse pension and, to the children, of an orphan pension. The calculation base is the average of the salaries for the best three years out of the seven calendar years prior to the end of the senior manager's career at L'Oréal. The income guarantee is calculated on the basis of the number of years of professional service in the Company up to 31 December 2019, up to a limit of 25 years. The amount of the Guarantee is progressively and regularly increased by 1.8% each year. The pension cannot exceed 50% of the calculation base or exceed the average of the fixed part of the salaries. A gross annuity and gross lump sum equivalent are then calculated, taking into account the sum of the annual pensions accrued by beneficiaries as a result of their professional activity and assuming that their retirement age is 65. The life annuity is the result of the conversion into an annuity at the beneficiaries' actual age on the date they apply for their pension of the gross lump sum equivalent, less the amount of all payments due as a result of termination of the employment contract, excluding any paid notice period and paid holiday, and less all salaries paid under any early retirement leave. Around 330 senior managers are eligible for these schemes if they fulfil all conditions after ending their career with the Company.

Access to the "Pension Cover for Members of the Comité de Conjoncture" (Garantie de Retraite des Membres du Comité de Conjoncture) was closed on 31 December 2000. This former scheme granted entitlement, to beneficiary retirees who ended their career with the Company, of a life annuity as well as, after their death, the payment under certain conditions to the spouse and/or ex-spouse(s) of a surviving spouse pension and, to the children, of an orphan pension. The calculation base for the Pension Cover is the average of the salaries for the best three years out of the seven calendar years prior to the end of the beneficiary's career at L'Oréal. The Pension Cover is calculated on the basis of the beneficiary's number of years' service, with a ceiling of 40 years, it being specified that at the date of closure of the scheme, on 31 December 2000, the minimum length of service required was 10 years. The Pension Cover may not exceed 40% of the calculation base, plus 0.5% per year for the first twenty years, then 1% per year for the following twenty years, nor exceed the average of the fixed part of the salaries. Around 120 senior managers (active or retired) are eligible for this scheme subject to the requirement, for those in active employment, that they fulfil all the conditions after having ended their career with the Company.

On 1 January 2023, the **Collective Retirement Savings Plan (PERCO)** was converted into a company collective retirement savings plan (PER COL) in accordance with the Pacte law. Since 2003, L'Oréal has offered employees an opportunity to build retirement savings under the PER COL. If the profit sharing is placed in the PER COL, a 100% matching contribution is paid by the Company on the first €1,200 gross and 50% thereafter (capped at €4,600/year total PER COL employer contributions). For employees who pay 100% of their profit sharing into the PER COL for five consecutive years, an employer contribution of €600 gross is paid into the PER COL (Club PER COL) in the fifth year. Since 2021, an additional employer contribution of €150 gross has been paid from the sixth consecutive year in which 100% of the profit sharing has been invested into the PER COL. Each year, employees may also transfer 10 days of saved leave time (Compte Épargne Temps – CET) in the PER COL. An additional employer contribution of 20% is paid for these days.

Pre-retirement arrangements: L'Oréal pays close attention to its employees' retirement conditions. The existing arrangements are, in particular:

- early retirement leave (congé de fin de carrière – CFC): this early retirement arrangement consists of exempting employees from the requirement to perform their activities, while maintaining their compensation (up to a limit of €11,279 gross/month); profit sharing; incentives; and paid leave. The CFC may range from three months for 20 years' seniority to nine months for 30 years' seniority and more; and
- retirement compensation (indemnité de départ à la retraite – IDR): the scale set by collective agreement is more favourable than that of the National Collective Bargaining Agreement for the Chemical Industries. When they retire, employees may benefit from retirement indemnities ranging from two months' salary for five years' service to eight months' salary for 40 years of service.

In order to increase the special leave prior to retirement, employees may opt to convert all or part of their retirement indemnities into time, or may choose to receive payment of all or part of the retirement indemnities, which will be made at the time they leave the Company. These commitments are guaranteed by external financial cover aimed at gradually building up funds derived from premiums paid to external organisations.

- the Time Savings Account (Compte Épargne Temps – CET): this optional scheme enables employees to plan the end of their career or increase their retirement income. Employees can bank up to 10 days of untaken leave per year in the CET, five days of which attract an employer contribution of 25% and/or a cash payment, up to a maximum of 8% of gross remuneration per year. This scheme is capped at 300 days.

The CET can finance a shift to part-time working from the age of 55, early retirement, increased retirement income, providing a retirement lump-sum[1], by taking the opportunity to transfer a maximum of 10 days per year to the defined contribution scheme or the L'Oréal PER COL[2].

For more than 40 years, L'Oréal has provided employees aged 55 and older with the opportunity to take part in a three-day seminar, "Retirement: switching to a new life plan". A new learning course entitled "My retirement savings solutions" is also available to employees over 40 years of age.

Employee benefit schemes in France: In addition to the compulsory guarantees provided for by the collective bargaining agreements, L'Oréal has set up, in France, under an agreement, an employee benefit scheme providing additional collective guarantees to its employees. All these guarantees are based on gross income and can total up to eight times the French annual social security ceiling. They are generally financed on Brackets A, B, and C of income, except for the Education Annuity which is based on Brackets A and B, and the Surviving Spouse Pension which is based on Brackets B and C. This employee benefit scheme provides the following benefits:

- incapacity: to all employees, 90% of their gross remuneration limited to eight social security caps, at this level net of charges, after the first 90 days of work stoppage;

(1) CET savings are valued on the basis of the employee's final salary.
(2) CET days transferred to the PERCO attract an employer contribution of 20%.

- disability: to all employees, a fraction that depends on the level of disability, rising to 90% of their gross compensation limited to eight social security caps, up to this amount net of charges;
- death:
  - for all employees, the payment of a Lump Sum Death Benefit, increased depending on the employee's family status. The amount of this Benefit is doubled in the event of accidental death;
  - for the employees affiliated with the benefit scheme for managers, employees governed by Article 36 of the AGIRC convention and sales representatives, the payment of a Spouse Pension to the surviving spouse. This ensures that the spouse has an income similar to the Surviving Spouse Pension paid for supplementary retirement contributions on the portion of remuneration greater than the annual cap on social security if death had occurred at the age of 65; and
  - for all employees, the payment of an Education Annuity to each dependent child, according to an age-based schedule.

The total amount of the Lump Sum Equivalent for these guarantees may not exceed €2.3 million per event.

Minimum guaranteed lump sum death benefits: L'Oréal has established an additional guaranteed Lump Sum Death Benefit that supplements, where applicable, for all employees, the Lump Sum Death Benefit in an amount equal to three years' average income. The total amount of the risk capital needed to fund the Surviving Spouse Pension and Education Annuity, the Lump Sum Death Benefits and the minimum guaranteed Lump Sum Death Benefit is capped.

Healthcare expenses: the healthcare scheme is compulsory for all the employees of L'Oréal and its French subsidiaries. Employees have the option of including their family members in these schemes. Contributions are, generally, individual. The employee contribution is partly financed by the Company.

4.3.2.6. Promoting Diversity, Equity and Inclusion (DE&I)

Diversity, Equity and Inclusion are part of the strategic commitments of the Group, which aims to have teams that reflect the diversity of its consumers worldwide and to provide all employees with an equitable and inclusive working environment. The Group also adopts an inclusive approach towards communities, suppliers and stakeholders. The Group's DE&I strategy is structured around four key pillars:

1. **Increase socio-economic and multicultural diversity:** promote and increase socio-economic and multicultural diversity in the Group's teams;
2. **Physical, mental and social well-being:** accelerate the inclusion of people with disabilities, by addressing both visible and invisible disabilities, mental health, chronic illnesses and neurodiversity, with a minimum target for the number of employees with disabilities in all countries;
3. **Age and Generations:** value and take into consideration people of all ages and generations; encourage dialogue and cooperation among employees of different generations; combat stereotypes based on age; and
4. **Gender and LGBTQIA+[(1)]:** achieve gender parity at all levels and functions of the company; contribute to the establishment of more inclusive environments in favour of the LGBTQIA+ communities worldwide; act against any type of harassment or violence, particularly sexism, sexual harassment and gender-based violence.

The Group's DE&I policy is also reflected in its approach towards its suppliers (see paragraph 4.3.3.6.), its consumers, partners, communities and the NGOs and associations dedicated to inclusion in all Zones.

To achieve its objectives, L'Oréal relies particularly on an internal network of "DE&I Leads" within countries, functions and Divisions. They ensure the implementation of the Group's DE&I policy, which they adapt to their local context. The Group shares its achievements and progress in a dedicated section on the loreal.com website.

To measure employees' perception of DE&I, "Pulse", the annual in-house survey on employee engagement, includes questions on this issue. In 2023, L'Oréal also included optional "self-identification" (Self-ID) questions in the Pulse survey for the first time, providing employees with the opportunity to share information about their identity in complete anonymity. Analysis of the responses enables the Group to reinforce the fight against discrimination, to assess the effectiveness of the Group's global DE&I actions and to better understand the diversity of its teams. 67% of employees answered the self-identification questions in the countries where it was legally possible to include these questions in the Pulse survey. This represents more than 47,000 employees within the Group.

In advertising and marketing its products, L'Oréal is committed to communicating responsibly by ensuring that it respects the diversity of beauty needs and desires around the world. In its Code of Ethics, the Group commits not to harm the dignity of human beings or present degrading stereotypes in its advertising. It is also sensitive to possible reactions to the Group's advertising from different religious, ethnic, cultural or social groups.

To strengthen its commitment to more inclusive marketing and advertising, L'Oréal joined the Unstereotype Alliance[(2)] in 2021. As a member of the World Federation of Advertisers[(3)], in 2022 L'Oréal contributed to the publication of a Charter for Change, which aims to drive progress on DE&I issues within the advertising industry.

Launched in 2021, the Global DE&I Advisory Board brings together a diverse group of external experts and leaders from within the Group. The Board is co-chaired by the Chief Executive Officer and the Global Chief DE&I Officer. It met twice in 2023, and local boards also met in North America and the United Kingdom & Ireland.

In 2023, L'Oréal launched the second Beauty of Inclusion Awards, a competition to recognise the best DE&I initiatives led by local teams. The projects come from all Zones and Divisions, as well as functions and brands, and reflect L'Oréal's commitment in all four pillars of the DE&I strategy. The final of the second edition of this competition is scheduled for 2024.

(1) LGBTQIA+: Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual, +.
(2) Led by UN Women, the Unstereotype Alliance is a coalition of businesses and advertising industry bodies and organisations. The Alliance seeks to eradicate harmful stereotypes in media and advertising content, and to use advertising to drive positive change.
(3) Global association of marketing specialists and national advertiser associations.

Reinforcing multicultural and socio-economic diversity

L'Oréal's goal is to reflect, at all levels and in all functions, the diversity of the markets in which it operates. Particular attention is therefore paid to the diversification of recruitment pools, to ensure equal opportunities in terms of professional development, and to raise awareness of employees and management on this subject. Under the L'Oréal for Youth programme, the Group is committed to diversifying its sources of recruitment, with the aim of recruiting at least 20% of the talent for the *Management Trainee Programme* from non-partner schools and universities.

> 167: number of nationalities (in the global workforce) among the 64 countries [(1)]

Since 2015, L'Oréal has supported the ENAR's[(2)] Equal@Work initiative, which helps to ensure progress on this important issue.

Since 2019, L'Oréal has been an active member of the Tent Partnership for Refugees, a global network of more than 350 companies that supports refugees. This partnership enables L'Oréal to strengthen the socio-economic and multicultural diversity of its teams, offer job opportunities to the candidates in question and facilitate their inclusion in their host countries. In Europe, L'Oréal participates in a mentoring programme for female refugees and also committed in 2023 to recruiting 50 refugees over three years. L'Oréal has signed the Charter on the inclusion of refugees and exiled people in the workplace, drafted by SINGA and Utopies, as part of its commitment to professional integration and the fight against the underemployment of refugees. In 2023, alongside SINGA, the Group organised workshops and roundtables to raise awareness about inter-cultural issues and challenge stereotypes regarding refugees for an audience of internal parties (DE&I Leads) and external parties (students from universities and partner schools).

Promoting the inclusion of people with disabilities and the physical, mental and social well-being of all employees

For more than 20 years, L'Oréal has applied a global policy to include people with disabilities within the Group. In 2023, the Group employed 1,701 statutory employees with disabilities, i.e. 1.9% of the total workforce. The goal is 2% by 2025.

The priorities of this policy focus on five areas:

- recruitment: promoting the recruitment of people with disabilities in all countries;
- retention: supporting employees who have experienced accidents, illness or the worsening of an existing disability;
- employee awareness: conducting internal communications campaigns and learning initiatives to promote an inclusive working environment and create conditions that encourage employees to declare their disability, so that the company can adapt workstations, jobs and support;
- accessibility: promoting the accessibility of premises and digital accessibility for employees and consumers; and
- partnerships and sharing best practices: collaboration with recognised experts, associations and NGOs on the subject, as well as with the protected and disability-adapted work sector is an important element in advancing inclusion.

An active member of the ILO since 2010, L'Oréal was one of the first signatories of the Global Business and Disability Network Charter in 2015 and chaired the network in 2021. Since 2020, L'Oréal has been a member of the Valuable 500, a global collective of 500 companies, whose objective is to promote the inclusion of people with a disability. L'Oréal was one of the first companies to join Generation Valuable, a programme launched in 2022 by the Valuable 500. This programme aims to support an employee with a disability through a specific training programme and mentoring with a member of the Executive Committee, so as to raise disability awareness at the highest level of the business.

L'Oréal continues to support the Disability Hub Europe initiative, which brings together various stakeholders in the field of disability and sustainability.

L'Oréal is strengthening its commitment to greater inclusion in sport by supporting a group of 10 athletes with disabilities.

Valuing and taking into consideration people of all ages and generations

L'Oréal ensures that every employee has their place in the company, regardless of their age or experience. Accordingly, in continuation of the Spanish *Generaciones* initiative and the French inter-company commitment to enhance the role in the company of those over age 50, the Group launched the *L'Oréal For All Generations* programme, which places intergenerational relations and employability at the core of its objectives[(3)]. Initially launched in France in 2022, this programme is gradually being rolled out internationally.

Gender equity: professional parity and equality for women and men

Achieving real gender equality, up to the most strategic positions, is a key challenge for L'Oréal. The aim is to strengthen the Group's ability to innovate while promoting a culture of inclusion. The Group ensures that all jobs are accessible to women and men, both at the recruitment level and with regard to opportunities for career development. Special attention is given to pivotal periods such as parenthood (see paragraph 4.3.2.4.).

(1) Scope of social data as defined in paragraph 4.5.1.1. Social data.
(2) The European Network Against Racism.
(3) See paragraph 4.3.2.4.

The policy on diversity and gender balance deployed in the Group includes a yearly goal to maintain a proportion of women and men employees that may not be less than 40% in strategic positions (around 300 positions, including members of the Executive Committee). General Management reports annually to the Board of Directors on this policy and the results obtained during the previous financial year. From 2022, the long-term compensation plans include both non-financial and financial performance criteria, including a criterion linked to gender balance in strategic positions.

Since March 2019, L'Oréal has published its "Index of Professional Gender Equality", which is calculated using five indicators defined by the "Professional Future" law. This 2024 Group Index (2023 data) is at 97% for all of L'Oréal's French entities.

Since 2007, L'Oréal has collaborated with the French National Institute for Demographic Studies (Institut national d'études démographiques – INED) to conduct an annual analysis of the differences in remuneration between women and men working in France. The aim is to ensure equal pay among those with the same skill level and classification. The median pay gap in France decreased from 10% in 2007 to 0% in 2019 (stable in 2020, 2021 and 2022) and the mean pay gap in France also fell during this period, from 31% in 2007 to 7% in 2022 (10% including the Executive Committee)[1].

In addition to the analysis in France, in 2020 L'Oréal launched a global tool to measure gender pay equality "all other things being equal" (net of structural effects), based on EDGE methodology, which uses a tolerance threshold of +/-5%[2]. The analysis was extended to 39 countries/regions[3] in 2023, representing more than 90% of the global workforce (compared to 32 countries/regions in 2022). According to this analysis, the adjusted average salary gap in these countries/regions is 0.71% in favour of men.

Measuring the gender pay gap is key to enable the Group to identify any potential challenges and implement targeted actions. L'Oréal aims to expand the scope of this analysis to all the countries in which the Group has more than 150 employees by 2025[4]. In addition, L'Oréal is deploying a Gender Pay module in the HR information system so that countries/regions can monitor, analyse and improve their gender pay statistics. Structural effects are also addressed within a framework of equitable and inclusive HR policies.

L'Oréal and gender balance

As of 31 December 2023, women account for:

- 68% of the total workforce;
- 51% of expatriates in place;
- 70% of employees promoted;
- 62% of international brand directors;
- 52% of all key positions within L'Oréal S.A.[5];
- 57% of all key positions within the Group[6] including:
  - 48% of strategic positions[7];
  - 54% of key positions monitored at Group level;
  - 58% of key positions monitored at local/regional level;
- 32% of Executive Committee members; and
- 50% of members of the Board of Directors[8].

L'Oréal has chosen to have its gender equality practices and policies audited and relies on two independent organisations to measure and assess the situation of its subsidiaries: Gender Equality European & International Standard (GEEIS) and Equity, Diversity and Gender Equality certification (EDGE). The Group's head office in France and 27 of its countries[9] have been awarded the GEEIS label , and are audited every two years by Bureau Veritas to measure the progress achieved.

Eight other countries[10] currently rely on the EDGE certification process. The countries are audited by the third-party organisations Flocert or Intertek in order to be certified. L'Oréal USA has achieved EDGE Plus status, which provides an additional analysis of intersectional equity (LGBTQIA+, age, ethnicity, disability and nationality).

In total, 35 countries held EDGE or GEEIS certifications in 2023 ☑, which represents more than 60% of the Group's workforce.

In 2023, an initiative from L'Oréal Brazil was awarded a GEEIS-SDG trophy in the fourth edition of the awards, organised by Arborus with the cooperation of the Representation in France of the European Commission and the United Nations agencies responsible for monitoring the Sustainable Development Goals.

☑ *The Statutory Auditors have expressed reasonable assurance about this indicator.*
(1) *For more information, see the "Diversity, Equity and Inclusion key figures" section under the "Commitments" tab on the loreal.com website.*
(2) *The methodology uses regression analysis to estimate the relationship between salary and pay (dependent variables) and one or more independent variables (such as gender, level of responsibility, age, length of service, etc.)*
(3) *Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Croatia, Czech Republic, Denmark, France, Germany, Greece, Hong Kong SAR, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Mexico, Netherlands, Norway, Philippines, Poland, Portugal, Russia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan Region, Thailand, Türkiye, United Arab Emirates, United Kingdom, United States.*
(4) *Around 50 countries in total.*
(5) *These are strategic positions, key positions monitored at Group level and key positions monitored at the local/regional level. These positions represent 15.6% of L'Oréal S.A. employees as of 31 December 2023. L'Oréal considers this indicator relevant with regard to its Human Resources policy. In application of Article L. 22-10-10 of the French Commercial Code it is specified that women represent 49% of positions with the greatest responsibility as at 31 December 2023 ; these positions represent 9.4% of L'Oréal S.A. employees. L'Oréal considers this indicator less relevant with regard to its Human Resources policy.*
(6) *These are strategic positions, key positions monitored at Group level and key positions monitored at the local/regional level. These positions represent 6.5% of Group employees as of 31 December 2023.*
(7) *As an indication, strategic positions are, mainly: (i) the positions of members of the Executive Committee including the position of Chief Executive Officer, (ii) the positions of directors with a direct management link to the Chief Executive Officer, (iii) the positions of Zone General Managers, (iv) the positions of Zone Division General Managers, (v) the positions of country or cluster General Managers, (vi) the positions of International Brand Directors, (vii) the positions of members of Management Committees of Divisions, Zones, Corporate Research & Innovation and Functional Departments with a direct management link to the relevant member of the Executive Committee, (viii) the positions of Division General Managers for the US, China and France markets, (ix) the positions of IT Directors who are members of Zone Management Committees, (x) the positions of other members of the Management Committee of a member of the Executive Committee with the agreement of the Chief Executive Officer.*
(8) *Excluding directors representing employees, in accordance with the French Commercial Code.*
(9) *Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Norway, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Arab Emirates, Saudi Arabia and the United Kingdom.*
(10) *Australia, Brazil, Canada, India, Philippines, Russia, Switzerland and United States.*

In another area, L'Oréal has conducted a pioneering initiative designed to promote gender equality in the legal profession. A Charter was created for this purpose in 2020, with the aim of sharing with our principal law firms common principles, values and measures with regard to gender equality. 14 firms have signed this Charter, which supplements actions taken in this area by the firms themselves. The ambition is to build and maintain an exemplary relationship, enabling everyone to benefit from equal opportunities and better balance.

L'Oréal is committed to combating gender-based violence

In 2018, L'Oréal was the first company to join the One in Three Women network, the first European network of companies committed to fighting violence against women[(1)]. Its aim is to create and test measures to combat violence against women and to support the employees concerned, through specialised NGOs. Working with this network, concrete action has been taken, such as:

- the provision of online learning courses (translated into 7 languages) to raise employee awareness of violence against women;
- the launch of awareness-raising campaigns to mark the International Day for the Elimination of Violence against Women.

After having committed to support the ILO's adoption of the first international convention against violence and harassment in the workplace in 2019 along with the NGO CARE, L'Oréal established a global HR policy on combatting domestic violence. This global policy was launched in March 2021 as part of the *Share & Care* programme and local policies are currently being rolled out within the Group's subsidiaries.

In 2018, the #StOpE initiative against so-called "ordinary" sexism in the workplace, led by the L'Oréal teams in France with Accor and EY, brought together 30 companies and organisations. They signed a commitment under the patronage of the French Minister for Gender Equality and the Fight Against Discrimination. At the end of 2023, more than 190 organisations were involved with this initiative, which aims to promote best practices to combat sexism in the workplace. This initiative is deployed globally within the Group. Online learning has been developed collaboratively by 7 of the companies in the network.

Contributing to the establishment of more inclusive environments in favour of the LGBTQIA+ communities

With a presence in all Zones, L'Oréal is contributing to the establishment of more inclusive environments in favour of people identifying as LGBTQIA+[(2)]. Since 2018, L'Oréal has been one of the sponsors of the "Standards of Conduct for Business" established by the United Nations High Commissioner for Human Rights in the fight against discrimination against LGBTQIA+ people.

In 2021, a minimum of 6 weeks' fully paid paternity or co-parenting leave was incorporated into the global *Share & Care* programme. Some countries have extended the length of this leave, for example 8 weeks' leave is available in France and 16 weeks in the United States.

The Employee Human Rights Policy sets out the Group's commitment to combating discrimination on the grounds of gender identity or sexual orientation.

Training employees in Diversity, Equity and Inclusion

In order to support these initiatives, L'Oréal trains its employees in DE&I by organising Diversity Learning Workshops. These courses are now available virtually. In 2023, more than 11,000 employees were trained through these workshops.

Since 2010, L'Oréal has participated in the EVE programme, an initiative led by the Danone Group, aimed to help women to be agents of change in their company and to develop their leadership and careers. Editions of this programme were launched in Asia in 2014 (EVE Asia-Pacific) and in Africa in 2017 (EVE Africa). More than 900 Group employees have taken part in this programme since it was launched.

Numerous DE&I learning resources are available on the Group's internal learning platform. In 2023, the Group made available 14 online learning programmes on DE&I topics[(3)], as well as a selection of podcasts. L'Oréal also supports Octave, an intergenerational leadership programme launched more than 10 years ago by Danone.

In 2022, L'Oréal launched an in-house learning programme on inclusive leadership within the Consumer Products Division. In 2023, this programme was launched across all of the Group's Divisions and its rollout will continue in 2024.

Awards obtained in 2023

For the sixth consecutive year, L'Oréal was recognised by Bloomberg's Gender-Equality Index 2023 (GEI)[(4)] for its commitments to female leadership, talent management, gender equality, inclusion and policies on sexual harassment.

L'Oréal was ranked third in the Refinitiv[(5)] Diversity & Inclusion Index 2023 and was therefore included among the top 100 companies for diversity and inclusion for the eighth consecutive year.

For the sixth consecutive year, L'Oréal was one of the top 20 most advanced companies in the world in terms of gender equality, according to the Equileap Global Gender-Equality Ranking 2023[(6)], ranking No. 1 in France.

(1) An initiative of the Foundation Agir Contre l'Exclusion (FACE) and the Kering Foundation.
(2) LGBTQIA+: Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual, +.
(3) Micro-aggressions, sexism, unconscious bias, mental health, digital accessibility, domestic violence, cyber-harassment, workplace inclusion of the LGBTQIA+ community, combating racism in the workplace, combating stereotypes in advertising and content creation, inclusion of people with a disability, physical appearance and the inclusion of people of all ages, religions and beliefs.
(4) The Bloomberg Gender-Equality Index 2023 includes 484 companies headquartered in 45 countries and regions around the world.
(5) Formerly Thomson Reuters. This 2023 international index is compiled following an analysis of more than 15,000 listed companies.
(6) The Equileap Global Gender-Equality Ranking 2023 assesses nearly 4,000 listed companies in 23 developed markets.

4.3.3. Human rights policy

4.3.3.1. A commitment of the entire organisation

L'Oréal's commitment to human rights is based in particular on the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the Fundamental Conventions of the International Labour Organization.

The Chief Corporate Responsibility Officer, a member of the Executive Committee, is responsible for overseeing the respect of human rights and fundamental freedoms in the Group. This mission has been entrusted to her by L'Oréal's Chief Executive Officer, to whom she reports. She chairs the Group's Human Rights Committee. She relies on a dedicated team of human rights experts and has a budget to carry out her work.

The Group's human rights commitments are rolled out across all markets through a network of Human Rights Correspondents.

L'Oréal's Human Rights Committee is composed of representatives from the various Zones, activities and departments (including Purchasing, HR, CSR, Safety, Security etc.). It is responsible for coordination and exchange on the implementation of the Group's human rights policy. Its primary objective is to facilitate the emergence of a human rights culture within the Group.

In order to best address the human rights issues that relate to its operational activities and commercial relationships, L'Oréal has structured its human rights policy around the most salient human rights risks across its whole value chain.

In order to achieve its human rights goals and deal with identified risks, L'Oréal has been a member of the United Nations Global Compact since 2003, and is committed to respecting all internationally recognised human rights. This commitment is supported each year at the highest level of the company by its Chief Executive Officer and by the Chief Corporate Responsibility Officer.

Aware of the scale of the challenge throughout its entire value chain, L'Oréal has set itself ambitious goals in respect of human rights, through the various internal or public documents described below. These policies enable it to respond to the main Human Rights risks set out in subsection 4.2.2.

Code of Ethics	L'Oréal is committed to respecting human rights, and especially refers to the 1948 Universal Declaration of Human Rights and the 2011 United Nations Guidelines on Business and Human Rights. A new version of the Code of Ethics was launched in 2023, which includes, in particular, a commitment to respecting the prior, free and informed consent of indigenous peoples.
Human Rights Policy	L'Oréal's commitments to its stakeholders, particularly its consumers and civil society, describing the way in which these commitments are fulfilled in practice.
Employee Human Rights Policy	A specific policy launched in 2020 by which the Group undertakes to respect a base of universal human and social rights for its employees, regardless of their position or location worldwide.
"The Way we work with our Suppliers" Guide	A practical guide intended to specify the Group's standards and to help employees handle situations that they might encounter in the performance of their duties in relationships with suppliers. This Guide was updated in 2022.
L'Oréal's Influencer Value Charter	L'Oréal does not work with influencers under the age of 16 or the legal contractual age.
Annual employee evaluation system	Compliance with the Group's Code of Ethics and ethical principles are taken into account when appraising employees' overall performance.
Speak Up policy	Since 2008, L'Oréal's Speak Up policy has enabled employees to report serious violations of Human Rights and Fundamental Freedoms, health and safety of people and respect for the environment, notably via the Group's ethics whistleblowing channel (www.lorealspeakup.com), which falls under the remit of the Chief Ethics, Risk and Compliance Officer. This has been available to all of the Group's stakeholders since 2018.
Annual ethics and human rights reporting system	The system is used to monitor the implementation of the Ethics and Human Rights programme. The subsidiaries are informed of their potential areas for improvement by the Global Ethics, Risk & Compliance Department. 100% of the subsidiaries completed their annual ethics and human rights reporting in 2023.
Procedures for prospective acquisitions	When prospective acquisitions are being considered, L'Oréal submits an Ethics and Human Rights questionnaire to target companies. This procedure is intended to identify how they take into account risks related, amongst other things, to breaches of human rights (abolition of child labour and forced labour etc.).

Raising employee awareness

Ongoing communication	The Group's Human Rights Policy and Employee Human Rights Policy are communicated to all Group employees. 100% of the subsidiaries have communicated on at least one human rights subject[1].
Learning	A specific training for Management Committee members has been rolled out and is regularly updated. A specific online learning programme on ethics and human rights is compulsory for all employees, regardless of the their business line. At the end of 2022, 87% of the relevant employees had completed it. A new version was launched in July 2023 following the release of the new Code of Ethics. This new version includes a section on Human Rights and offers interactive and personalised content. As at 31 December 2023, 66% of the relevant employees had already completed it. In 2023, 143 purchasers were trained in responsible purchasing practices, which includes a module on human rights. This is compulsory for any new purchaser. 100% of the Group's subsidiaries included issues related to human rights in their local learning programmes.

4.3.3.2. L'Oréal's commitment to protecting personal data

The Group attaches great importance to the principle of transparency and aims to establish a relationship of trust with its stakeholders. It ensures that its responsible use of personal data is underpinned by the protection and security of that data.

In support of this ambition, the Group's principles governing the processing of personal data (Data Privacy) have been shared all over the world to raise the awareness of all employees about respect for ethical principles and the legal and regulatory requirements in this area. These principles are supplemented by a framework of policies, procedures and operational guidelines.

The Group has put in place a structure based on a Data Privacy Office (Global DPO Office), which consists of a Legal unit and a Programme unit. A Group Data Protection Officer (DPO) was appointed in 2018 and a network of Country DPOs has been set up worldwide and is growing in strength (47 DPOs in 2023). This structure also relies on a network of Personal Data Protection Officers in each region and in each business area (IT, Digital, Marketing, HR, Research & Innovation, Retail, Operations etc.). They are responsible for rolling out personal data protection policies that are tailored to the challenges and specific features of their fields.

A Global Strategic Data Privacy Committee was set up to establish strategic guidelines and ensure the personal data protection programme is rolled out. Led by the Group DPO, this Committee is composed specifically of the Chief Financial Officer, the Chief Ethics, Risk and Compliance Officer, the Group General Counsel and the Chief Information Officer. For the sake of consistency and operational efficiency, a Steering Committee is in place for each Zone.

This governance ensures the Group's compliance with different laws, such as the GDPR in Europe, the CCPA in California, the LGPD in Brazil, the PIPL in China or the POPI Act in South Africa. It ensures stakeholder involvement and that client, supplier and business processes are adapted to applicable local laws.

In order to comply with European rules, the Group has established a record of data processing performed in Europe. This tool is also offered in countries not subject to the GDPR that wish to use it.

In support of the privacy by design principle, the Group has rolled out a digitalised tool that is available to operational staff. This tool helps them to ensure that a project complies with operational principles and rules relating to personal data protection from the very start and to carry out the required privacy impact assessments.

All employees within the Group have access to an awareness-raising programme on the protection of personal data. Specific learning programmes are available for the main functions. An Intranet site dedicated to this subject can be accessed at any time by all employees worldwide.

The Group Internal Control organises annual self-assessment of the implementation of the personal data protection compliance programme for all countries and functions.

As part of the Group's digital activities, the Internal Audit Department conducts audit checks on the protection of the personal data of consumers.

Since 2019, a specific audit programme on personal data protection has been aimed at all European countries that are subject to GDPR, conducted by an independent auditor.

(1) The scope of consolidation of human rights data arising from ethics reporting is identical to that of social data.

4.3.3.3. Measures taken in favour of consumers

Brand commitments	L'Oréal encourages its brands to raise awareness and engage their stakeholders on the major environmental and societal challenges. Each brand must: • identify a specific environmental or societal cause of its own; • support a community partner involved in the field; and • conduct awareness-raising campaigns with the general public (see subparagraph 4.3.1.3.2.).
Transparency, awareness and responsible *marketing*	L'Oréal relies on its scientific teams to answer consumers' questions about the ingredients in its products through its Inside our Products platform that came online in 2019. This platform is dedicated to providing information to consumers about the quality and safety of L'Oréal's ingredients, requirements and processes. The website is available in five languages in 23 countries. The "Trions en beauté" (Sort by Beauty) initiative is an awareness campaign conducted by the Group's brands. The goal of this site developed by L'Oréal France is to relay the extension of sorting instructions resulting from the AGEC Law and to raise consumer awareness of these same behaviours applied to cosmetic products. In particular, it explains how to sort each of the different types of packaging for cosmetic products and the importance of recycling for our environment, and encourages everyone to act. The Group is committed to responsible marketing. This is why it is a member of the Unstereotype Alliance, an initiative led by companies brought together by UN Women to end harmful stereotypes in advertising.
Product quality and safety	Consumer safety is an absolute priority for L'Oréal. Assessing safety is central to any new product development process and a prerequisite before any new product can be brought to the market. (see subparagraph 4.3.1.3.2.).

4.3.3.4. Measures taken in favour of L'Oréal employees

L'Oréal has implemented several other policies that contribute to the respect of employees' human rights and fundamental freedoms, notably through its policies on workplace health and safety, social dialogue and diversity, and its *Share & Care* programme (see paragraph 4.3.2.4.).

The Group ensures that all employees receive at least the minimum salary set by local law or the applicable collective agreements, and that they receive a living wage that covers their basic needs, calculated in line with best practices. For the second consecutive year, L'Oréal's fulfilment of this commitment around the world was certified by the NGO Fair Wage Network in 2023.

The subsidiaries must comply with applicable local legislation and the minimum set of core rules designed to prevent serious human rights violations. The details and implementation of these rules is described in L'Oréal's Vigilance Plan (see section 3.4.), which also explains the Group's organisation in the area of human rights. In addition, compliance is verified through the programme of social audits and using the forced labour self-assessment tool developed by NGO the Fair Labour Association in collaboration with the Consumer Goods Forum, described in section 3.4 of L'Oréal's Vigilance plan.

4.3.3.5. Measures taken in favour of employees of the Group's suppliers in the context of their working conditions

L'Oréal seeks out suppliers that share its ethical commitments, namely with regard to human rights and working conditions of their employees.

L'Oréal's commitments are communicated to all suppliers via the general terms of purchase.

Suppliers identified in the Group's risk mapping must sign the Ethical Commitment Letter. Some may be audited. The details and implementation of this *Buy & Care* programme are described in L'Oréal's Vigilance Plan (see section 3.4.) and in subparagraph 4.3.1.2.1.

L'Oréal wants to carry this goal beyond the Group. This is why the L'Oréal for the Future programme includes a new demanding commitment ensuring that all employees of strategic suppliers are paid at least a living wage. Calculated by region and aligned with the best local practices, these new standards must allow employees to cover their basic needs and those of their family for decent housing, food, education and any other needs. In many countries, this living wage goes beyond the legal minimums.

4.3.3.6. Community measures

As part of the L'Oréal for the Future programme, the Group reiterated its commitment to help 100,000 more beneficiaries to access employment by 2030.

L'Oréal helped **37,284** additional people from disadvantaged communities gain access to employment compared to 2020.

L'ORÉAL FOR THE FUTURE

2030 targets	2023 Results
By 2030, we will have helped 100,000 people from disadvantaged communities[1] gain access to employment:	Since 2020, 37,284 additional people from disadvantaged communities have gained access to employment.
• *Inclusive Sourcing* programme;	In 2023, 93,165 people accessed work through the *Inclusive Sourcing* programme, 12,027 more people than in 2020.
• Vocational learning about beauty professions[2]	In 2023, 11,836 people from vulnerable environments were trained in beauty professions, bringing the total to 25,257 people since 2020.

(1) "Disadvantaged communities" are designated as people whose economic and social circumstances are very insecure. An impact study was conducted in 2022 by an external third party. The result was that 94% of those trained were employed within one year of obtaining their diploma and five years later, 81% of those people are still working, which reflects/highlights our contribution to providing access to employment. "People from very difficult social or economic situations trained in beauty professions" are included in the figures for people from disadvantaged communities helped to gain access to employment.

(2) This commitment is supported by the Inclusive Sourcing and Beauty for a Better Life (BFBL) programmes, which take different approaches. BFBL enables people in vulnerable situations to learn about beauty professions. As this is vocational learning, L'Oréal believes that it promotes and contributes to access to employment. Inclusive Sourcing is a programme that encourages L'Oréal suppliers to directly employ workers from socially or economically vulnerable communities.

Initiatives taken in favour of communities

Throughout the production chain: the environmental risks related to L'Oréal's sites and activities may potentially have an impact on the local communities in which the Group operates. In this area, L'Oréal has a long-standing commitment to managing risks and reducing its environmental footprint, and is implementing an ambitious policy described in detail in subsection 4.3.1.

A responsible approach to property assets: for prospective acquisitions of premises or building land, L'Oréal ensures that the former owners and/or occupiers have not been unfairly removed and/or that any expropriation by the authorities was conducted in accordance with international law, namely with the free agreement and compensation of the previous owners and/or occupants.

Responsible sourcing: See paragraph 4.3.1.3.

Inclusive Sourcing – using the Group's purchasing power to serve social inclusion: launched in 2010, L'Oréal's *Inclusive Sourcing* programme supports numerous local projects in support of local communities. It aims to use the Group's purchasing power to serve social inclusion. A proportion of its purchases are dedicated to suppliers providing access to work and a sustainable income for people who are generally excluded from the labour market, economically vulnerable communities, including small businesses and those that struggle to access major contractors. The programme concerns all the Group's suppliers and values their commitment to DE&I issues. It involves, for example, fair trade producers, companies which employ people with a disability, social inclusion companies, or companies owned by minorities[1], where national legislation permits. Due to its global, holistic nature, the *Inclusive Sourcing* programme proposes a novel approach to sourcing. Rolled out in all Zones, it concerns all fields of purchasing[2]. Its ambition is to associate economic performance with a positive corporate social responsibility footprint. 3,225 people with a disability in 36 countries benefited from the programme in 2023, an increase of 30% over the last three years. The programme now has 429 projects up and running in 1,069 local initiatives (including an additional 240 initiatives launched in 2023) in 67 countries, with the support of 86 third parties.

Focus on the Group's Inclusive sourcing in France

100 projects in the worldwide *Inclusive Sourcing* programme support employment in France. They are rolled out under 176 local initiatives. In 2023, *Inclusive Sourcing* in France represented 3,300 full-time jobs, an increase of 33% compared to 2020, representing 825 jobs.

These projects cover a wide range of purchases, including: cardboard, glass and plastic packaging, POS advertising materials, services, filling and packing, and logistics.

- 18% of the beneficiaries are people with a disability (602 jobs);
- Nearly half of the beneficiaries are in zones classified as vulnerable (1,511 jobs). These are areas classified as "Rural Revitalisation Zones" and "Sensitive Urban Zones". These jobs cover production needs (glass bottles, tubes, cardboard boxes, subcontracting) or services related to L'Oréal's business.

(1) As part of the Inclusive Sourcing programme, L'Oréal supports suppliers who give access to employment to minorities recognised by the government benchmarks of the country.

(2) It concerns all areas of purchases (raw materials, packaging, subcontracting, logistics, promotional items and point-of-sale advertising, services etc.)

- Other inclusive sourcing projects in France mainly concern support for Living Heritage Enterprises (EPV), SMEs, older workers facing hiring discrimination, women entrepreneurs, women who are victims of domestic violence, people in inclusion, and bio-solidarity cooperatives

***Citizen Day* – a day of employee involvement:** every year since 2010, L'Oréal employees have dedicated a workday to providing their skills and energy to hundreds of social and environmental non-profit organisations. This involves, for example, cleaning natural sites, setting up well-being workshops for people in vulnerable situations, repainting centres for elder people etc. L'Oréal has also developed the L'Oréal Citizen[1] programme, offering its employees the opportunity to contribute to different causes through several ways, such as Payroll Giving, Hackathons for good, crowdfunding campaigns, and mentorship.

Beauty for a Better Life* – a L'Oréal Foundation programme for vulnerable people:* Convinced that beauty contributes to the process of rebuilding oneself, the L'Oréal Foundation, through its Beauty for a Better Life programme, assists fragile people in improving their self-esteem by giving them access to free beauty and wellness care. The L'Oréal Foundation also promotes employment for vulnerable women through excellence learning programmes in the beauty professions.

Beauty care and wellness treatments

The L'Oréal Foundation supports the provision of free beauty care and wellness treatments in medical and social environments through the partnerships it has built with non-profit and hospital organisations. These treatments are provided by specially trained socio-beauticians or socio-hairdressers. They play a role in improving wellness, self-esteem, fighting spirit and social cohesion. They offer essential moments, whether for patients whose bodies are ravaged by illness or for people in a fragile social situation.

In 2023, the L'Oréal Foundation made it possible for more than 23,800 people in difficult circumstances to receive beauty care and wellbeing treatments in France. By increasing access to these treatments, the L'Oréal Foundation is also encouraging social innovation:

- the Foundation continued the Mobile Care & Wellness Centre initiative it had launched in 2019, in the Île-de-France, Auvergne-Rhône-Alpes and Hauts-de-France regions of France. Nearly 1,700 vulnerable or isolated women have benefited from socio-beauty treatments;
- in partnership with Emmaüs Solidarité, three beauty and well-being spaces have been specifically dedicated to vulnerable people to give them no-cost access to socio-beauty and socio-hairstyling services within a welcoming space.

Learning programmes on the beauty professions

In partnership with local NGOs in 28 countries, the L'Oréal Foundation offers free learning courses on beauty professions to women in very difficult social or economic situations to assist them in finding employment.

In 2023, as part of the Beauty For a Better Life programme, **11,836** people in very difficult social or economic situations were trained in Beauty professions.

The L'Oréal Foundation partnership with Médecins du Monde for the benefit of women and children: The L'Oréal Foundation supports the Médecins du Monde (Doctors of the World) association's facial reconstructive surgery operations ("Opération Sourire"). The L'Oréal Foundation enables children or women who suffer from congenital malformations or who are victims of physical violence to regain their integrity and return to their community.

4.3.3.7. Measures taken in favour of the promotion of women's rights

As an active supporter of the UN Women's Empowerment Principles, the Group is involved in numerous initiatives aimed not only at improving the situation of women in the private and public spheres, but also at recognising the contribution of women to the advancement of humanity.

4.3.3.7.1. Responsible communication

The Group's Code of Ethics and the principles of Responsible Communication, which are summarised in an operational brochure distributed worldwide, especially cover the prohibition of stereotypes and degrading images of women.

4.3.3.7.2. Gender equality

Achieving real gender equality, up to the highest levels of responsibility, is a key challenge for the Group, both to promote a culture of inclusion and to increase L'Oréal's ability to innovate. The Group, therefore, ensures that all jobs are equally accessible to women and men, both at the recruitment level and with regard to career development. Special attention is given to pivotal periods such as parenthood (see paragraph 4.3.2.6.). During supplier audits, L'Oréal also seeks to ensure the absence of discrimination and sexual harassment (see subparagraph 4.3.1.2.1.).

(1) *The citizen commitments are detailed on the website: www.loreal.com/en/articles/commitments/loreal-citizen/.*

4.3.3.7.3. For Women in Science: a programme of the L'Oréal Foundation

Since 1998, the L'Oréal-Unesco For Women in Science programme has worked to accelerate the careers of female scientists and fight the obstacles they encounter, enabling them to contribute to solving the great challenges of our time.

To date, the International "L'Oréal-UNESCO For Women in Science" Awards has honoured 127 women, distinguished for their careers and the excellence of their scientific work. To celebrate the 25th anniversary of the award, a special tribute was paid to three refugee scientists, highlighting their remarkable scientific contributions and experience. The number of women who have been awarded the International Award and gone on to win Nobel Prizes has risen from 5 to 7 this year, following recognition of the exceptional achievements of Katalin Karikó and Anne L'Huillier, who were awarded the Nobel Prize for physiology or medicine and the Nobel Prize for Physics respectively.

Each year, the Young Talent programme rewards more than 250 women at PhD and post-doctoral levels. These programmes are rolled out in more than 110 countries. Among these programmes, the one dedicated to Sub-Saharan Africa has increased the number of endowments it awards from 20 to 30.

Aimed at encouraging girls aged 15 and over to pursue scientific careers, the *For Girls in Science* programme saw its numbers increase this year, now reaching 350 students. In partnership with Universcience, the Foundation organised an interactive exhibition in the Forum of the Cité des Sciences et de l'Industrie, a science museum in Paris. During this meeting, members of the Young Talent programme discussed their careers and their research work and answered questions from more than 500 high school girls and boys.

Over **4,300 female scientists**, in more than 110 countries, distinguished and recognised since 1998.

4.3.3.7.4. The L'Oréal Fund for Women: a charitable fund to support women in extremely vulnerable situations throughout the world

As a long-term supporter of women's rights, L'Oréal launched in 2020 a €50 million charitable endowment fund as part of its L'Oréal for the Future programme. In 2023 the Fund was extended for an additional three years, with an endowment of €30 million. It aims to support local organisations in their efforts to assist women in extremely vulnerable situations, prevent domestic and sexual violence and support victims. Particular attention is paid to projects aimed at helping women who are vulnerable on a number of fronts, particularly refugees or women with disabilities.

Beyond emergency relief the L'Oréal Fund for Women wants to make a proactive contribution to the resilience of women and girls, by supporting social and professional integration projects and breaking down the barriers to education. Since it was launched, the L'Oréal Fund for Women has supported more than 420 organisations around the world, which support more than 2,560,000 direct beneficiaries.

4.3.3.7.5. Brand programmes: examples

Since 2020, YSL Beauty has been committed to combating domestic violence with its "*Abuse is Not Love*" programme. The brand works with local NGOs to help and raise awareness among victims and those close to them of the telltale signs an abusive relationship. In 2023, 422,553 people were supported by and/or completed a learning programme delivered by a local community partner.

Over the past 15 years, the Helena Rubinstein brand has supported women who want to become entrepreneurs. In 2023, it supported 484 women with the assistance of its partner NGOs Forces Femmes in France and China Women's Development Foundation in China[1].

In 2023, L'Oréal Professionnel launched its *Head Up* campaign, a learning programme co-created with the NGO NAMI, to help haircare professionals reduce their mental load. 77,818 hairstylists have already taken this online course.

4.3.3.7.6. Responsible and Inclusive Sourcing

Over 60% of people supported by the Group's *Inclusive Sourcing* programme are women (see paragraph 4.3.3.6.). A total of 42,571 jobs across 94 projects – encompassing 230 local initiatives – specifically related to the emancipation of women in 38 countries, with the support of 21 associations and NGO partners. These projects support:

- female producers of raw materials such as shea, centella, argan, babaçu or galanga cultivated and harvested in accordance with fair trade principles;
- women from various vulnerable local communities, or who have assumed positions usually held by men;
- beneficiaries through support for women-owned businesses (suppliers that are 51% or more owned, controlled and led by women). In 2023, the Group continued to accelerate its strategy to support female entrepreneurship, reconfirming its commitment in WEConnect *International*[2]. Since 2020, the Group has increased eightfold the number of jobs with suppliers owned, controlled and managed by women: 5,262 jobs in 27 countries. This strategy, initiated many years ago in the United States through the partnership with The Women's Business Enterprise National Council, is being deployed and accelerated worldwide;
- single mothers (746 single mothers in Latin America);
- military wives (in the United States); and
- women who are victims of violence.

In addition to agriculture, these projects concern a broad range of manufacturing activities and services: production, assembly, logistics, sales, marketing, or digital business activities.

(1) Consolidated data based on a statement submitted directly by partner NGOs
(2) WEConnect International is an international network that certifies and connects "women-owned" suppliers with their target customer companies.

4.3.4. Policy to prevent corruption

Wishing to act in all circumstances in accordance with the ethical principles it has set itself, and to comply with the laws and regulations in force in all the countries where it operates, the Group applies a zero tolerance policy in terms of corruption. These policies enable it to respond to the main corruption risks set out in subsection 4.2.2.

A long-standing commitment at the highest level of the Company

L'Oréal has been a member of the United Nations Global Compact since 2003 and supports the fight against corruption. The Group is committed to complying with the United Nations Convention against Corruption of 31 October 2003 and to applying all applicable laws, in particular the Sapin 2 law in France.

L'Oréal is a member of the International Chamber of Commerce Anti-Corruption Commission and of Transparency International *France*. This commitment is supported at the highest level of the Company by its Chief Executive Officer who renews L'Oréal's commitment to the United Nations Global Compact every year.

The involvement of everyone in preventing corruption

The Executive Committee	Regularly reviews the corruption prevention programme presented to the Board of Directors.
The Chief Ethics, Risk and Compliance Officer	Reporting to the Chief Executive Officer, the Chief Ethics, Risk & Compliance Officer is responsible for designing and monitoring the corruption prevention programme in collaboration with the departments involved in the programme (Legal, Purchasing, Finance, Human Resources, Internal Audit etc.). He leads the specific risk mapping.
Country Managers	Country Managers ensure the correct deployment of the corruption prevention programme and its compliance. Their involvement in this issue is required on an annual basis by the Chief Ethics, Risk and Compliance Officer and by their local Corruption Prevention Committee.
Corruption Prevention Committees	They oversee the progress of the corruption prevention programme within their entities and involve the Management Committee in an annual review of the programme. They include the Internal Control Manager, the Chief Financial Officer, the Legal Director, the Human Resources Director and the Ethics Correspondent.
Internal Control Managers	Internal Control Managers are responsible for the day-to-day running of the programme within their entities, with the support of the Chief Financial Officer and the Legal Director.
Employees	Employees apply the corruption prevention policy in the context of their activities. In case of doubt or questions about compliance with these commitments, they may contact their line managers, the General Counsel, the Chief Financial Officer, the Internal Control Manager, the Ethics Correspondent and, ultimately, the Chief Ethics, Risk & Compliance Officer.

L'Oréal's Code of Ethics and practical corruption prevention guides

L'Oréal's Code of Ethics publicly declares a zero-tolerance policy on corruption. It applies to all employees, directors and corporate officers and members of the Executive and Management Committees of the Group and its subsidiaries worldwide. L'Oréal's Code of Ethics was updated in 2023. Available in 30 languages, and as an audiobook in French and English, it is distributed to all employees worldwide.

L'Oréal has also published a more detailed corruption prevention policy that is available on its website, loreal.com.

The Group also has other reference documents for employees to specify the practices to be adopted to fight against corruption.

- ***Specific Corruption Prevention Guide*:** rolled out throughout the Group as a whole since 2013 and supplemented in 2018, it covers the relationships with each of L'Oréal's stakeholders, in particular with the public authorities and intermediaries. This practical Guide is intended to specify the Group's standards and to help employees handle situations that they might encounter in the performance of their duties. It reaffirms L'Oréal's corruption prevention policy which was approved by the Chief Executive Officer and the Executive Committee. The policy was presented to the Board of Directors.

  This policy posted online on L'Oréal's website restates the following principles:
  - the zero-tolerance policy on corruption;
  - the prohibition of facilitation payments;
  - the prohibition of all contributions to political parties or politicians with the aim of obtaining a commercial advantage;
  - the prohibition on giving and accepting gifts and/or invitations that might influence or be perceived as influencing a business relationship;
  - communication of the commitment to preventing corruption to the Group's business partners; and
  - respect for these commitments by intermediaries representing L'Oréal, particularly in countries where there is a high risk of corruption.
- ***Employee Guide – Gifts/Invitations*:** distributed in 2014 on a Group-wide basis, it sets out the rules in this area. It is now integrated within the specific Corruption Prevention Guide.
- ***Employee Guide – Management of intermediaries with public authorities*:** distributed in 2018 to the relevant personnel, it specifies the rules in this area.
- **"*The Way We Work with our Suppliers*" *Guide*:** distributed in 2022, it specifies the rules concerning relationships between suppliers and any employees involved in purchasing decisions.

- **"*The Way We Do Philanthropy*" *Guide***: distributed in 2021, this guide specifies the rules surrounding providing philanthropy in compliance with ethical principles, the Code of Ethics and the Group's in-house standards.
- **"*The Way We Work with Healthcare Professionals*" *Guide***: updated in 2023, this guide helps the Group's employees to work with these third parties in an ethical manner.
- **"*Responsible Lobbying Policy*":** distributed in 2021, this policy specifies the responsible lobbying commitments and how they should be implemented.
- **"*Conflicts of Interest Policy*":** published in 2023, this policy governs the definition of conflicts of interest and the procedure for reporting and managing such conflicts.

Corruption prevention measures implemented within the Group

Group-level risk assessment	The risk of corruption is included in the Group risk assessment. Following the update in 2023, which used a dedicated methodology, the Group has 78 corruption risk maps covering all the countries in which it operates. A tool also enables Country Managers to assess and analyse possible local ethical risks (including corruption) and to take the necessary prevention measures.
Specific Human Resources procedures	In the annual appraisal system for all employees, overall performance includes the employee's achievements in compliance with the Code of Ethics and the Group's ethical principles.
L'Oréal's "Speak Up" policy	This policy enables employees to express any concerns they may have, particularly with regard to corruption, via a secure website or directly to the Group's Chief Ethics, Risk and Compliance Officer. Any allegation raised in good faith is examined in detail. In the event of non-conformity to the corruption prevention policy, corrective measures are taken, which may include disciplinary action. The whistle-blowing line was opened to employees in 2008, and then to stakeholders in 2018.
Learning	A compulsory online learning programme on the prevention of corruption, available in 18 languages, has been rolled out in all countries. As at 31 December 2023, this programme had been completed by 88% of the employees concerned. In accordance with L'Oréal's risk mapping, specific learning courses for the staff most exposed to the risk are developed and deployed within departments and entities. In 2023, Purchasing, Public Affairs and Real Estate teams were trained centrally, as well as targeted persons within local entities.
Control and assessment of measures and procedures dedicated to the prevention of corruption	The Group's Internal Control process provides for control procedures on operational activities, in particular for the separation of tasks. The implementation of the corruption prevention programme is part of the Internal Control self-assessment process rolled out in operational entities. Moreover, accounting controls for the prevention of corruption are performed periodically. The system for monitoring the corruption prevention programme is based on the three levels of control and covers all the measures in the programme. L'Oréal's Internal Audit teams are particularly vigilant in this respect. Implementation of the corruption prevention programme is systematically reviewed during audit assignments, using a dedicated audit guide which contains specific checks. Individual interviews are conducted separately with the Country Manager and the Chief Financial Officer. They give rise to an individual report reviewed and signed by these latter persons. Specific audits may also be conducted as part of the annual audit plan.
Due diligence procedures prior to proposed acquisitions or minority or majority investments	A specific corruption risk procedure integrates appropriate and proportionate checks at the different stages of the acquisition or investment process. Responses to the ethics questionnaire submitted to target companies are intended to identify whether corruption risk prevention has been taken into account by the companies, and to prepare for integration or collaboration, as applicable.
Third-party due diligences	The third-party management process (clients/suppliers/philanthropic arrangements) includes the corruption risks both when entering into and during a relationship. A corruption risk assessment is carried out on the Group's third parties. Appropriate verifications are implemented, which rely primarily on a dedicated tool and risk analysis guide. A specific guide has been made available to employees concerning relationships between intermediaries and public authorities. Real estate projects are also subject to a specific process.

A commitment shared with the Group's partners

L'Oréal shares its commitment to combating corruption with its business partners. Compliance with the law is included in the Group's general terms of purchase, general terms of sale and the Mutual Ethical Commitment Letter. The integrity and reputational risks associated with the management of influencers are managed through robust selection processes and the signing of the Group's Influencer Value Charter. L'Oréal reserves the right to end any relationships with business partners who fail to comply with regulations.

A recognised approach

L'Oréal was recognised for the 14th time as one of the "World's Most Ethical Companies" by the Ethisphere Institute.

4.3.5. Tax policy

L'Oréal considers that taxation is an integral part of its Corporate Social Responsibility and constitutes a way to participate positively to the development of the countries in which the Group operates.

The Group's tax policy forms part of the sustainability of its business. It is based on three pillars, which are defined in the Internal Tax Charter prepared and distributed around the world: Compliance, Transparency and Legitimacy.

Compliance

L'Oréal completes its tax declarations and pays its taxes by the deadlines in compliance with the letter and spirit of the laws and regulations in the countries in which the Group operates.

Special vigilance is required on compliance with the rules related to the fight against tax fraud and tax avoidance.

L'Oréal is located in countries where it conducts a real operational and commercial activity. If applicable, the Group's presence in certain so-called "tax haven"[1] countries is justified for operational reasons and the development of its activity, and not for tax purposes.

L'Oréal ensures that transactions between Group companies are carried out in compliance with the arm's length principle defined by the OECD and the UN and satisfies increasingly digitalised reporting obligations (transfer pricing documentation, country-by-country reporting etc.).

In view of the OECD reform that provides for a minimum level of taxation of 15% in each country (Pillar 2), L'Oréal is preparing to adapt its information systems in order to comply with this future regulation.

L'Oréal aims for excellence in tax compliance.

Transparency

L'Oréal establishes and maintains relations with Tax and Customs Authorities based on transparency, pursuant to the Group's "zero tolerance" rule on corruption.

L'Oréal also develops a constructive relationship with Tax and Customs Authorities, a relationship based on the principles of cooperation and mutual respect. L'Oréal responds appropriately and promptly to requests from the tax authorities regarding the exchange of information, in compliance with tax conventions.

Where permitted to do so by governments, L'Oréal joins the cooperative compliance programmes launched by the tax authorities. For example, the trust relationship ("*relation de confiance*") with the French tax authorities.

The Group may contribute to the analysis of legislative changes at the request of Tax and Customs Authorities or professional associations involved. Consequently, the Group takes part in OECD working groups relating to Pillars 1 and 2.

L'Oréal considers global challenges and standards in terms of tax transparency. In particular, it adheres to the reporting recommendations of the Global Reporting Initiative (GRI) and, more specifically, standards GRI 207-1, GRI 207-2 and GRI 207-3. Documents relating to the Group's ESG performance, including the GRI standards, are published on our website[2].

L'Oréal is also a member of the European Business Tax Forum (EBTF), a European companies association that seeks to increase transparency in the tax debate.

The Group has a *Speak Up* programme for L'Oréal's internal and external stakeholders to express any serious concerns they have, so that the Group and the Ethics Department can address them.

The Group is careful to ensure that its behaviour in tax matters is beyond reproach, in compliance with the fundamental principles of the Code of Ethics.

Legitimacy

L'Oréal legitimately applies the most relevant tax treatment, in accordance with economic realty and operational objectives, in compliance with the letter and spirit of the laws in force. The Group does not pursue an aggressive tax policy through articficial structures or transactions that have no economic or commercial substance and whose purpose would be strictly fiscal.

In an evolving international tax environment, the positions taken by the Group may be questioned and subject to tax and customs audits by local authorities. If there is disagreement with a Tax or Customs Authority, L'Oréal is able to legitimately defend its interpretation of the law, prove its good faith and, as needed, bring the disputes to court.

A regular review of tax risks, carried out by the Group's Tax Department in contact with the local financial teams, enables the risks to be assessed, resulting, if applicable, to the recognition of a provision. The main risks are reported to the General Management and the Audit Committee.

Organisation

Centralised expertise and a strong geographical presence of the tax function in the Countries ensure compliance with these three pillars.

The Chief Financial Officers are responsible for tax compliance, backed up and relayed by the Tax and Accounting Departments. These Departments monitor changes in tax regulations to ensure that the Group complies with these regulations. They are assisted, where applicable, by external advisors.

Centralised expertise

Within the Department of Operational Finance, the Group Tax Department ensures compliance with the Tax Policy in collaboration with the Finance Departments, through intermediaries in the form of different group-wide tax experts:

- Intra-group Transactions & Customs, which ensures compliance with tax and customs standards and secures the prices of intra-group transactions and the related documentation;
- Analytics & Compliance, which analyses, verifies and informs on the Group's compliance and global tax liability;
- Mergers and Acquisitions (M&A), which assists and provides tax advice on proposed merger-acquisition projects;
- Tax Digitalisation, which enables the Group to meet the new requirements for digitalisation imposed by the tax authorities (e-returns, e-invoicing, e-audits etc.);

(1) *As defined by French or European law.*
(2) *This information is available in the "ESG Performance" section under the "Commitments" tab on the loreal.com website.*

- Tax Governance, which ensures the correct deployment of the Group's tax policy;
- Digital Taxation and E-commerce, which assists and advises on the tax implications of e-commerce and digital projects; and
- Tax Operations and Supply Chain, launched in 2023, which assists and advises the Operations Department.

A strong geographical presence

Accountable to the Chief Financial Officer of the Country/Zone, the Tax Directors of 30 Countries have the following responsibilities:

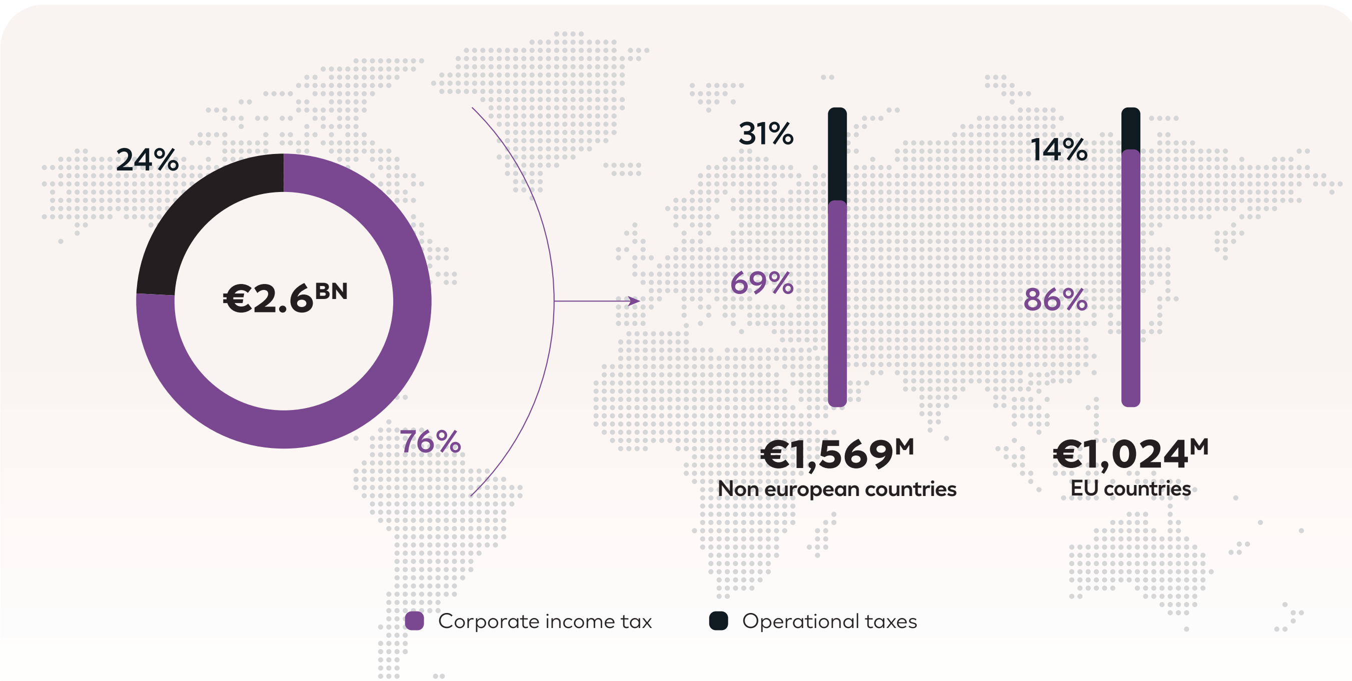
- respect for compliance rules in collaboration with the accounting departments;
- assistance and tax advice to the operational teams in the context of their projects;
- tax directives, ongoing learning and pedagogy with other parties;
- management of the tax contribution;
- management of tax and customs risks, controls, claims and disputes;
- relations with the Tax and Customs Authorities and the other public authorities; and
- tax watch and best practices involving dialogue with peers, professional associations, external auditors and law firms.

This matrix organisation, combined with the Group's tax policy respect, are the basis of successful management of the tax burden and a responsible tax practice.

2023 tax contribution

In 2023, the amount of tax L'Oréal paid to governments and local authorities was €2.6 billion. In addition to income tax, L'Oréal pays and levies numerous taxes and contributions such as sales and purchase taxes, environmental taxes, property taxes and other local taxes. The breakdown of taxation is presented annually to the Audit Committee.

The Group's tax footprint, consistent with its operational and geographical footprint, breaks down as follows in 2023



The Finance Department has reviewed and updated the tax policy each year since it was first published in 2020.

4.4. L'Oréal for the Future: 2023 results

L'Oréal for the Future marks the Group's launch of a new phase of its sustainability approach, with the aim to build on earlier achievements to accelerate its transformation towards an increasingly sustainable business model.

A reminder of the quantifiable targets and the time frames that apply to them is provided in the summary table in subsection 1.4.2. (pages 52 and 53). This table also includes the results for 2023.

4.5. Methodological notes

4.5.1. Social, health and safety, and environmental data

4.5.1.1. Social data

Scope of consolidation: newly acquired entities are included in the scope of publication as soon as possible following their acquisition and, at the latest, in the first full financial year following their acquisition. By way of exception, if all or part of the information and data relating to a newly acquired entity are not available in sufficiently reliable form, this entity will only be included from the second full financial year following its acquisition.

Entities sold are excluded from the scope of publication from the financial year in which they are sold.

The employees indicated and their breakdown correspond to the total workforce[1].

The 393 employees in the Luxury of Retail (formerly known as Retail Excellence 4), Centre thermal de La Roche Posay, Thermes Saint-Gervais Les Bains Le Fayet, Real Campus by L'Oréal (hairstyling and entrepreneurship school) and Mugler Fashion entities are included in the total workforce. The distributions of these employees are calculated in proportion to the distribution of France employees. They are excluded from the indicators on diversity, learning, minimum salaries and the number of collective agreements.

Indicators: the indicators chosen are those used in the management of employees and of the social aspects of the Company. They reflect the results of the HR policy.

Data: four methods are used to collect data for the defined scope. Most of the data are collected using the dedicated "Country Reporting" Intranet, available in all countries in which there is a L'Oréal "subsidiary". In the context of this "Country/Region Reporting", a subsidiary is a structural HR concept: each subsidiary comprises one or more legal entities, and covers one country or supra-national or sub-national region. Exceptionally, the United States, Korea and Hong Kong SAR each have two subsidiaries. Some subsidiaries cover several countries: the Baltic Countries (Lithuania, Latvia, Estonia), Croatia (Croatia, Slovenia, Bosnia), the United Arab Emirates-Saudi Arabia (United Arab Emirates, Saudi Arabia), and the United Kingdom (United Kingdom and Ireland). The system covers several topics: employees; learning; absenteeism; labour relations; the L'Oréal *Share & Care* programme; compensation; diversity; recruitment; freedom of association; and profit *sharing.* At the beginning of the financial year, the local HR Directors provide the required data for the previous year. Other data are collected by the Learning and Recruitment Departments using dedicated systems which follow the same operational and dissemination approach. If information is not consolidated for the entire scope of the Group, it can be extrapolated from the available results for the entities connected to the local Information Systems (IS), provided that the scope covered by such entities is representative. The data relating to specific populations, such as expatriates or key positions, for example, are gathered from the "CAROL" online career monitoring system, deployed in all subsidiaries of the Group. Trained employees include the total number of employees, including those who left the Group during the year or who completed at least one learning course during the year, regardless of the format (in-person, virtual classroom, digital) and length of the learning course. Hours spent in a learning course that straddles two years are recorded in the second year. Learning hours may include lunch breaks for all-day learning. Concerning the L'Oréal *Share & Care* indicator relating to healthcare coverage, the best practices in the countries are regularly evaluated in each country in which the Group is present.

A process of continuous improvement of these systems has been put in place. They are reviewed each year, taking into account the Statutory Auditors' recommendations and the monitoring objectives for subsequent years (updating the indicators to be monitored, improving their definition and their communication, monitoring and control process).

4.5.1.2. Health and safety data

Scope of consolidation: safety indicators relate to 95% of the sites, such as factories, distribution centres, administrative sites, research centres with more than 50 employees, stores, and salesforces. At year-end 2023, 173 administrative sites and research centres, salesforces and stores participated in the reporting. To achieve better monitoring of accident history by type of site, safety reporting from administrative sites has been refined and split into three categories: administrative sites with only administrative staff, salesforces for travelling staff and stores for in-store beauty consultants managed by L'Oréal. The safety indicators of the factories, distribution centres, administrative sites or research centres sold or closed during the financial year are reported in full up to the date they exit the scope. The factories, distribution centres, administrative sites or research centres that join the Group have a maximum period of two years to integrate the environmental and safety reporting systems. It should be noted that the number of sites varies little from one year to the next.

Indicators: the indicators applied are those used in the management of the Group's sites. They reflect the results of the Group's Environment, Health and Safety (EHS) policy. Hours worked report the time during which the staff is exposed to professional risks, including remote work or the equivalent. They include overtime hours. However, they do not include public holidays or days of absence, such as sick days and paid holidays.

Data: the health and safety data are collected using the dedicated Intranet-based site reporting system. This is available in all countries in which there is a L'Oréal subsidiary. The required data are reported every month by the local managers. When the data are compiled, each site or zone must validate the accuracy of all the data provided. A process of continuous improvement of these systems has been put in place.

(1) *Certain acquisitions/subsidiaries (Aēsop, Modiface, Lactobio, Bak Skincare and L'Oréal in Luxembourg (Atelier Cologne)), whose IT systems are not integrated with that of the Group, are excluded from the reporting. Aēsop's workforce represents 4.57% of the Group's total employee workforce and the workforce of other subsidiaries excluded from social data represent 0.09%.*

The systems are reviewed each year, taking into account the Statutory Auditors' recommendations and monitoring objectives for subsequent years (updating the indicators to be monitored; improving their definition; and enhancing the communication, monitoring and control process).

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, before being included in the reported figures.

4.5.1.3. Environmental data

Scope of consolidation: environmental indicators cover 95% of the factories and distribution centres, as well as administrative sites and research centres with more than 50 people due to the acquisition of Aēsop. Environmental indicators for sites sold or closed during the financial year are reported in full up to the date they exit the scope. Sites joining the Group have a maximum period of two years to integrate the environmental and safety reporting systems. The indicators do not take into account the impacts of exceptional external incidents or events, such as construction or extension works. Similarly, in the special case where a subcontractor is located geographically on the sites, its impacts are not taken into account. In 2023, 167 sites participated in the reporting and 164 were still consolidated at the end of the year, including 37 factories, 43 distribution centres, eight research centres and 77 administrative sites. If some sites are unable to obtain certain information (e.g. water withdrawal, waste generation etc.) they may temporarily use estimates, which must be validated by the Operations Department. In addition, 100% of these operated sites provided information on energy consumption and CO_2 emissions, 100% of the operated sites reported their water consumption and 100% of the operated sites reported their quantity of waste. The sites of Vichy and La Roche Posay are part of a single company (Cosmétique Active Production) but are accounted for as two Group factories. Four Group factories contain a logistics centre in their building. These four logistics centres are not included in the count of the total number of Group logistics centres. It should be noted that the number of sites varies little from one year to the next.

Indicators: the indicators chosen are those used in the management of the Company's sites. They reflect the results of the Group's Environment, Health and Safety (EHS) policy.

Activity: the activity of L'Oréal sites is measured on the basis of finished goods for industrial sites and hours worked for administrative sites and research centres. The production units included are the equivalent units produced on-site or affected by occasional subcontracting. Hours worked are the hours performed on-site, thus excluding remote working hours.

Operated sites: the Group's operated sites are all its sites, irrespective of their purpose, with the exception of sites normally accommodating fewer than 50 employees.

Greenhouse gases: the Group's CO_2 emissions are calculated in accordance with the concepts defined by the GHG Protocol, and monitored according to the Market-Based CO_2 indicator.

Management of the reference year: in accordance with the methodology of the GHG Protocol relating to the management of reference years, CO_2 emissions data are reviewed, if necessary, in accordance with the rules defined by the Group using a like-for-like recalculation. In this way, base years take into account investments and divestments (brands, sites), changes in methodologies, significant errors and changes in scope. Any changes in base years are validated by the Statutory Auditors.

Scope 1: the main emissions for operated sites are related to natural gas, for which consumption data is taken from supplier invoices. Potential leaks of cooling gas from refrigeration units are also included in the calculations. The emission factors used come from the French Agency for the Environment and Energy Management (Agence de l'Environnement et de la Maîtrise de l'Énergie – ADEME) Base Carbone database for fossil fuels, such as natural gas, fuel oil etc. and the 6th report of the IPCC (IPCC AR6) for cooling gas. All data are incorporated into the internal reporting software on a monthly basis.

Scope 2: the main emissions for operated sites are related to electricity, for which consumption data is taken from supplier invoices. The emission factors used come directly from the sites' electricity suppliers, using the Market-Based approach, or from the International Energy Agency (IEA) if the data are not available. The emission factors used for emissions related to heat, cooling and steam networks come from local suppliers. All data are incorporated into the internal reporting software on a monthly basis.

Scope 3: Scope 3 emissions, linked to the L'Oréal value chain, are calculated annually using emission factors from various databases, specific to each Scope 3 category, including, among others, the ADEME Base Carbone database, EcoInvent, the DBEIS and the IEA.

Level of uncertainty: for Scopes 1 and 2 of operated sites, the level of uncertainty at the Group level is approximately 1% for factories and distribution centres, and 5% for administrative sites and research centres. For Scope 3, the level of uncertainty is higher given the volume of data required for calculation, such as the emission factors of the energy used to heat the water necessary for the usage phase of our rinse-off products all over the world, the quantity of water necessary for rinsing, CO_2 emissions of raw materials and packaging suppliers, distances travelled for transportation etc.

Measurement of the global CO_2 impact of the Group's business activities is essential information. In light of the commitments made to combating climate change, L'Oréal strives year after year to increase the reliability of this data. The level of uncertainty of the Group's Scope 3 emissions is estimated to be between 20% and 30%. Unlike Scopes 1 and 2, changes in Scope 3 emissions may relate more to the quality of the data collected and the calculation methods used, rather than to a real change in performance. This margin of uncertainty with regard to Scope 3 is a reality for all companies and does not make it possible to consider this data as an adequate benchmark or method of performance assessment.

"Carbon neutral": At the end of 2023, the Group replaced the internal "carbon neutral" status with a commitment to achieving 100% renewable energy[1] for all operated sites by 2025. However, it is still monitored to ensure compliance with the commitments that have already been made. It is defined as follows: a site must meet the following requirements: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect Market Based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.

The Vichy and La Roche Posay sites are part of a single company (CAP), but are recognised as two Group factories, including in the recognition of sites that use 100% renewable energy (formerly known as "carbon neutral" status).

Safety equipment: This primarily includes the operational use or maintenance of:

- all firefighting equipment;
- permanent or temporary generators intended to provide power for the purposes of (i) personnel protection, (ii) data backup, (iii) maintaining processes that are at risk or sensitive, (iv) storing perishable or heat-sensitive raw materials.

Wastewater: for industrial sites, the Chemical Oxygen Demand (COD) covers the volumes of wastewater leaving the plant, whether or not they have been treated on the site.

Waterloop: see the Waterloop Factory concept in subparagraph 4.3.1.1.4. Exceptions to the definition of Waterloop status may be authorised if they are approved by the Operations Department. These exceptions relate to regulatory constraints such as the requirements of the US Food and Drug Administration, or the Group's Quality requirements or accidents or maintenance. For example, in 2023, this was the case for the Settimo site due to a new product mix that led to the installation of an additional osmosis plant.

Waste: L'Oréal classifies as transportable waste everything that comes out of a factory or a distribution centre that is not a finished or semi-finished product for consumption. For a factory, this includes, for example, raw materials packaging or packaging materials, broken pallets etc. In order to improve the system of waste performance monitoring and exhaustively record the waste generated by the use of returnable packaging, a system of recording returnable packaging at source was put in place in 2014. L'Oréal thus records the weight of its returnable packaging at source in transportable waste. Each site maximises the number of times returnable packaging is used. Recording the weight of returnable packaging at source is intended to encourage rotation of this returnable packaging and contributes, through its reuse, to increasing its useful life. Sites that no longer send any waste for destruction or to landfill are considered to have attained a 100% recovery rate[2].

Since 2021, waste generation no longer includes the sludge from the wastewater treatment plans at the Group's sites.

Biodiversity inventory: inventories that describe the actual situation of the sites in terms of species and habitats present in the zone studied, must be carried out by a external organisation at least every three years.

Land occupancy: a standardised approach has been developed with the support of The Biodiversity Consultancy to enable the land-use biodiversity footprint of bio-based ingredients to be calculated each year. This approach is based on three parameters: (1) the ground surface required, (2) the loss of biodiversity due to land use and intensity of agricultural practices and (3) the significance of biodiversity in the ecosystem in question. The first two parameters are multiplied to represent a ground surface area in which 100% of biodiversity is lost (value expressed in Mean Species Abundance per hectare, MSA.ha).

Land-use biodiversity footprint =

- (1) Ground surface x (2) Biodiversity loss due to land use and intensity of agricultural practices (MSA.ha),
- (3) The significance of biodiversity in the ecosystem in question.

The required ground surface (1) is estimated in three steps:

- step 1: The volumes of raw materials (combined ingredients) are divided into volumes of ingredients made from plants;
- step 2: Ingredient volumes are converted to plant volumes using conversion factors based on life-cycle assessment data (Ecoinvent, World Food Database, Agribalyse), supplier data and literature;
- step 3: The ground surface required to produce the plants is estimated by multiplying the plant volume by the average yields for each plant. For the main plants, average yields were extracted at the most accurate spatial resolution available in the supply data using the Our World in Data (average yields available until 2018) and MapSPAM (average yields from 2010) spatial databases. A review of the literature was used to estimate the average (global) yield for the other plants. An additional land use area for crop-related infrastructure (roads and farms) was also taken into account for each plant, calculated on the basis of a proportion of the infrastructure surface area specific to each plant (data taken from Ecoinvent).

Ingredients whose traceability is not currently known (plants and/or countries) have been integrated into the footprint using their relative contribution distribution when the data is known.

(1) *On the Group's operated sites, excluding safety and security installations as defined in paragraph 4.5.1.3. "Environmental data".*

(2) *The material recovery index corresponds to the quantity of waste, reused or recycled, divided by the total amount of waste generated, excluding returnable packaging at source, including the returnable packaging in rotation and excluding waste sent to landfill due to regulatory obligations. The recovery index corresponds to the quantity of waste recovered, whether material or energy, divided by the total amount of waste generated excluding returnable packaging at source, including returnable packaging in rotation, excluding waste sent to landfill due to regulatory obligations. To obtain a more accurate understanding of the recovery and material recovery indices, these indicators are calculated excluding the transport pallets that would represent a significant share of the returnable packaging in rotation.*

Biodiversity loss due to agricultural practices (2):

Mean Species Abundance per hectare is a unit of measurement corresponding to the equivalent land surface that has lost 100% of its biodiversity. This metric is used to measure ecosystem integrity.

Biodiversity loss coefficients for land use are derived from the GLOBIO model database (providing average biodiversity loss values according to land-use type and intensity) and then refined for each plant based on a literature review (final values vary between 70% and 90% biodiversity loss depending on the plant). For infrastructure, the biodiversity loss coefficient for land use is also taken from the GLOBIO models (the value for urbanised areas, i.e. 95% biodiversity loss, is identical for each plant).

Focus on the significance of biodiversity in the ecosystem in question (3):

The significance of biodiversity in the production area is assessed using the Species Threat Abatement and Recovery (STAR) metric. STAR assesses the conservation potential in terms of reducing the risk of species extinction in an area of special interest either by threat reduction or habitat restoration. The metric was developed based on data from the IUCN Red List of Threatened Species (STAR mapping in December 2022 is based on the 2019.3 version of the IUCN Red List; STAR currently includes mammals, birds and amphibians). The 80th percentile was used to represent the presence of high values while avoiding overestimation by taking into account the maximum value only. Each region or country is then assigned to a risk category ranging from very low to very high. As the STAR distribution is highly skewed towards low values (97% of STAR values worldwide are in the very low and low categories), the use of the mean or median is not appropriate. Each region or country is then assigned to a risk category ranging from very low to very high by taking the higher of the following two values: the STAR 80th percentile for threat reduction or the STAR 80th percentile for habitat restoration. As the distribution of STAR values is very uneven and skewed towards low and very low values, any region or country categorised as medium, high or very high risk represents an important area for biodiversity in which there is a significant risk of impacting rich and vulnerable biodiversity.

Data: environmental data are collected using the dedicated Intranet-based site reporting system, available in all countries in which there is a L'Oréal subsidiary. The required data are reported every month by the local managers. When the data are compiled, each Site or Zone must validate the accuracy of all the data provided. A process of continuous improvement of these systems has been put in place and they are reviewed each year by the Statutory Auditors. They are modified taking into account their recommendations and monitoring objectives for subsequent years, such as updating the indicators to be monitored, improving their definition, and the communication, monitoring and control processes. 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. The data can also be amended in the case of variations in methodology. This is particularly the case in 2023 in the calculation of CO_2 emissions for Scopes 1 and 2. In fact, in 2023, L'Oréal decided to stop using renewable attributes produced in excess on one site to cover the non-renewable energy consumption of another site if the latter is outside "Market boundary" criteria (*CDP Technical Note: Accounting of Scope 2 emissions*).

4.5.2. L'Oréal for the Future data

4.5.2.1. Transforming the Group's activities

Reduction of greenhouse gas emissions from the transport of finished products: the scope considered includes the transportation of the Group's finished and promotional products from its production sites to the first point of delivery to the customer. Deliveries made directly to consumers are excluded. The period considered is 12 months, between 1 November of year n-1 and 31 October of year n. Calculations are made using the EcoTransIT World platform. The methodology used is provided by independent scientific institutes (IFEU, INFRAS and Fraunhofer IML) and complies with ISO14083 and GLEC standards. The exact methodology is available on the EcoTransIT World website.

Respecting biodiversity with traceable, bio-based ingredients from sustainable sources: the calculation of the percentage of biobased ingredients for traced formulas from sustainable sources is based on the following definitions: a raw material is considered to be bio-based when more than 50% of the carbons it contains are of plant origin (according to ISO 16128); an ingredient is considered traced when the following three pieces of information are available: the botanical species, the country in which it grows or is collected, the growing or collection method; an ingredient is considered to be sustainably sourced when, on the basis of the elements of traceability, it has been analysed for environmental and social risk (SCAN Index). If no risk has been identified, the raw material is considered to be sustainably sourced. If risks have been identified, an adapted action plan must have been put in place with this supplier. This action plan must have been verified by an independent third party. Such verification may take the form of an audit, certification, or a field project put in place with the support of an NGO. This method ensures compliance with the basic and progressive criteria of the sustainable sourcing policy for the Group's raw materials. The calculation of this indicator is based on actual purchases for the period from January to November 2023, excluding volumes of ingredients used for fragrance compositions (<1%), subcontracting volumes (0.8%) as well as volumes from factories (India, Argentina and Kenya) not linked to the IDG management system (3.3%).

Reduction of water consumption related to the use of the products: the scope of consolidation refers to the data on the products sold over a period of 12 months from 1 January to 31 December of 2023.

The calculation of this indicator is based on the average water volume necessary per usage dose for the use of the Group's products by consumers. These data are provided by the IDG management software, which is used for the economic results. It includes all global sales of finished products, both rinse-off and leave-in. The only exception is samples, which are not products sold and are therefore not taken into account.

Eco-designed products – SPOT: eco-designed products are new or updated products that have an improved environmental profile. The indicator covers the Group's scope and concerns new products or products updated by design centres that were manufactured by the Group's factories or by subcontractors. They had an availability date at the distribution centre that was scheduled for between 1 January and 31 December 2022. The analysis covers all the Group's brands, excluding products not sold (i.e. samples, testers, gifts, products made at the point of sale, temporary activations, promotional products and additional packaging relating to "Travel Retail"), newly acquired brands that are not yet fully integrated into the Group's product design ecosystem (Mugler, Logocos, Thayers, Takami, Youth to the people, 3CE and Skin better science).

The indicator covers products with formulas/packaging that have been developed and produced for the first time, products with formulas/packaging that were updated in 2023 (i.e. underwent a major change in packaging or formula requiring a change in the commercial code) or products that have been improved in terms of the social dimension.

Ingredients in formulas are from biobased sources, derived from abundant materials or from circular processes

Scope of consolidation: the scope of consolidation corresponds to the 12 months of the year. It covers the cosmetic products manufactured in the L'Oréal factories and the finished products purchased from subcontractors.

The scope covers only the L'Oréal factories operating under the SAP WISE system, which permits the feedback of information via the IDG information system. To date, there are only four Group factories that are outside the scope: the factories in Pune and Badi in India, the Magdal factory in Israel and the Nairobi factory in Kenya.

The indicator: the reporting covers 99.4% of production from L'Oréal factories. This indicator is evaluated for all the Group's active formulas and is calculated on the basis of the data on production volume (this is a calculation at the level of the total portfolio of ingredients used by the Group, and not by formula). The data are processed, including consistency checks and corrections of anomalies if necessary.

Data: calculation of this indicator relies solely on the dry material, excluding the "water" used in certain formulations. There are three elements that are calculated independently. The "biobased" portion represents the percentage of raw materials of renewable origin in L'Oréal's portfolio according to the definition of ISO 16128. The "abundant mineral" portion refers to the percentage of ingredients of mineral origin, the abundance of which allows sustainable use and the inorganic ingredients, i.e. non-mineral and not containing any carbon atoms (e.g. oxygenated water), obtained by green processes. The definition of abundant minerals has been established by the Raw Materials Department (Département des matières premières – DIMP) with the assistance of an expert consultant from the French Bureau of Geological and Mining Research (Bureau de recherches géologiques et minières – BRGM). An initial list was available at the start of 2023 that covers 40% in volume of the minerals used by the Group, i.e. 463 raw materials identified. This list is subject to change and will be updated over the coming years. Finally, the "circular process" portion is still being established by the Raw Materials Department (DIMP) with the assistance of experts and will be made available soon.

Resources – Data on packaging indicators

Scope of consolidation: the packaging data cover all the finished products leaving the factories, with the exception of certain finished products for which the data are not yet linked to the central information systems. This is the case for the products from the Nairobi (Kenya), Lahore (Pakistan) and Syntaric (Argentina) factories[1], for certain subcontracted products from recent acquisitions and for the packaging specific to Travel Retail. This packaging data excludes POS materials and consumables managed by factories for transporting palettes.

Indicators

1. **Percentage of new or updated products with a better environmental profile due to improved packaging**

Each year, SPOT calculates the proportion of new or updated products whose environmental profile has been improved. For a new product, improvement is measured in relation to an average of the brand's existing and comparable products. For an updated product, improvement is measured and compared to the previous version of the product. SPOT tool separates the packaging, formula and manufacturing footprints which allows to identify product with improved packaging footprint.

2. **Percentage of certified paper and cardboard**

The data on the percentage of FSC-certified paper and cardboard (sourced from wood derivatives) comes from tracking the supplies of all suppliers. The Group's sourcing entities demand that each of their suppliers complete the information on tonnage and provide the related certifications. The data are aggregated by the central sourcing department.

3. **Reduction in intensity of the quantity of packaging used for the Group's products**

The reduction in packaging intensity is measured in packaging weight divided by the weight of the formula. The unit is g/g. The scope is all the packaging leaving a factory (primary, secondary or tertiary), excluding the factories in Pune and Badi (India). The reduction in intensity is calculated from specification systems for filling, packaging and production articles. The data are aggregated at global level by the data management teams.

4. **Percentage of packaging made of recycled or biobased sources of plastic**

The tonnages of plastic materials coming from recycled or from biobased sources used in the products come from specification systems for the filling and packing components and the production of finished products. The data are aggregated at global level by the data management teams. The portion of recycled plastic is an actual rate of recycled material in the packaging: it does not come from a mass balance certification *system*. The scope of this indicator is all the plastic from all our primary, secondary and tertiary packaging leaving the factory.

5. **Percentage of plastic packaging that is refillable, reusable, recyclable or compostable**

The definitions of refillable, reusable, recyclable or compostable packaging follow the definitions of the Ellen Mc Arthur Foundation described in the document "2023 Global Commitment Reporting Guidelines". These definitions are taken into account in the Group's data management systems, which allow the respective quantities to be identified and counted. The scope of this indicator is all primary and secondary plastic packaging, i.e. any packaging containing more than 50% plastic by weight. Recyclability is assessed on

(1) *Which represent 1.25% of the Group's finished products.*

the basis of disruptors of recyclability, linked to the materials and decorations used, and can change annually in line with changes to regulations.

Data: the different indicators or figures come from product specification systems linked to the production management tools. The data are extracted and recovered by the Data Management teams who aggregate them globally using a centralised IT tool. The Sustainability entity of the Department of Packaging and Development verifies all the elements and the figures.

Eco-designed advertising displays at points of sale

Scope of consolidation: the scope of consolidation covers POS purchasing expenses, such as displays or advertising elements at the points of sale, in the countries in which a L'Oréal subsidiary that has a Sourcing team is established. Every year the Sourcing teams in question report the POS expenses and the percentage of compliance with eco-design "Must Haves".

Data: Country data are collected using the Intranet system dedicated to reporting by country, which can be accessed by each Sourcing team. Each team is responsible for compiling the data for their Country, and must validate the accuracy of the data communicated. The data are also validated by the Sourcing Zones. The indicator is consolidated at the Group level by the Global Retail Sourcing teams. In 2023, 52 countries or hubs participated in the reporting. The Sourcing teams and suppliers concerned are trained in eco-design, including the associated data collection process. The process is defined and explained every year to the teams responsible. The percentage of eco-designed POS is calculated in accordance with a self-declared statement from the suppliers trained in eco-design.

Eco-design of owned stores and points of sale

Scope of consolidation: the scope includes the Group's new or fully renovated operated stores worldwide. The period considered is from 1 January to 31 December.

A store is considered eco-designed if the eco-design rate reaches 100% and/or if the store is LEED Gold certified. The ecodesign rate of the operated stores is calculated on the basis of the process tracking and the documentation of the Sustainable Retail Box checklist and according to a self-declaration of compliance of the points of sale, unless the store holds an external LEED certification.

Data: at the time the data is compiled, each Country team is responsible for verifying the accuracy of all data communicated to the teams of each of the Zones. The teams monitoring the process and the documentation of the Sustainable Retail Box checklist are trained in ecodesign. A process of continuous improvement of these systems has been put in place.

4.5.2.2. Involving the Group's ecosystem in its transformation

Involving suppliers in the Group's transformation

Scope of consolidation: to define the list of strategic suppliers, the spend baseline is from April 2023. The N-1 spend is updated at the end of November for indicators related to CDP and the environmental and social performance of suppliers.

Data: Suppliers participating in CDP had to be invited in advance by L'Oréal according to defined criteria:

CDP Climate Change: In 2014, participation in CDP Climate Change programme was made compulsory for all strategic suppliers. The Group also invites suppliers that are strategic for a Zone or country.

CDP Water: L'Oréal selects suppliers according to three criteria: particularly water-intensive technology or activity; location of at least one production site in a water-stressed catchment area; size of L'Oréal's purchasing volumes.

CDP Forests: L'Oréal selects suppliers according to the impact of their activity on deforestation. Major suppliers of paper, palm oil and soy are invited to participate.

Clarification: no attempted bribery occurred this year during the social audits. The concept of attempted bribery mentioned in the audit report refers to an attempt to bribe the auditor and not to the fact that the supplier may have been involved in a bribery case.

People supported by L'Oréal's *Inclusive Sourcing* programme:

Scope of consolidation: the period considered is from 1 January to 31 December over a worldwide scope. This scope covers workers from economically or socially disadvantaged communities who work at the Group's suppliers and at their subcontractors. The programme is also for administrative staff of disadvantaged suppliers: companies owned and led by disadvantaged communities (support for female entrepreneurship or companies owned and led by minorities[1], veterans, people from the LGBTQIA+ community) and small companies facing large competitors in their market. Beneficiaries of the programme must produce materials, goods or services purchased by L'Oréal. At least one of the following two criteria must be fulfilled: access to and remaining in a permanent job if their community is generally excluded or under-represented in the activity, or a substantial and lasting improvement in income thanks to the activity associated with the programme (fair sourcing).

Data: in the majority of projects, the methodology is based on the number of FTEs under local regulations, on the basis of a full year. The FTE number is proportional to L'Oréal's weight in the supplier's business activity, i.e. the proportion of the supplier's payroll that is involved in the production of L'Oréal products. If the supplier's employees work for other customers, the amount of the orders in relation to the supplier's total revenue determines the number of hours assigned to the L'Oréal production. For projects related to the sustainable sourcing of natural raw materials, the unit of measurement of the beneficiaries is not FTE, but the number of producers concerned. The supplier, with the assistance of an independent third party, defines a threshold at which the project has a significant impact on the target community with respect to the local situation.

(1) As part of the Inclusive Sourcing programme, L'Oréal supports entrepreneurship among minorities recognised by the country's governmental standards.

People from very difficult social or economic situations trained in beauty professions.

Scope of consolidation: this indicator is calculated over a worldwide scope using annual data. This scope covers people trained on beauty skills under the *Beauty for a Better Life* programme implemented by partner organisations between 1 January and 31 December.

Data: the managers of the programme at L'Oréal's subsidiaries aggregate the data on the basis of the information and a declaration of compliance transmitted to them by the partner organisations. The Foundation teams within the Department of Corporate Responsibility consolidate the data and check it for consistency.

People in very difficult social or economic situations who have benefited from beauty care and wellbeing treatments

Scope of consolidation: this indicator is calculated over a France scope using annual data. This scope covers people who have benefitted from beauty care and well-being treatments under the *Beauty for a Better Life* programme implemented by partner organisations between 1 January and 31 December.

Data: the data are collected by the programme's partner organisations. The Foundation teams consolidate the data and check it for consistency

Beneficiaries of our brands' social engagement programmes

Scope of consolidation: this indicator is calculated over a scope limited to the brands that have social engagement programmes. The scope excludes the brands' environmental programmes, product donations and awareness-raising media campaigns.

Data: in order to be counted for, a beneficiary must be a person who is either supported by a partner NGO with a sustainable impact, via, for example, an educational grant, medical treatment, personalised psychological support, or any other initiative under the brand's social engagement programme; or supported by a brand via a learning programme that has been co-created with a partner NGO. The data are approved and transmitted by the NGOs, then consolidated by the brands via a digital tool.

Displaying the environmental impact of products

Data: the data for the defined scope is collected by the Operations Department using the Sustainable Product Optimisation Tool (SPOT). All SPOT exclusions also apply to this indicator.

4.5.2.3. Contribute to solving global challenges

Supporting the most vulnerable women

Scope of consolidation: this indicator is calculated over a worldwide scope using data accumulated since the Fund was launched. It is the number of organisations supported by the Fund, the number of women directly supported by these organisations with the assistance of the Fund, and the budget in euros L'Oréal has allocated to the Fund since it was launched. This amount includes the costs associated with operating the Fund.

Data: data are collected by the organisations supported by the Fund which have used all or a portion of the budget allocated during the reference period. The Fund's teams (within the Corporate Responsibility Department) consolidate the data. They carry out consistency checks on the basis of the information reported and a certificate of compliance transmitted by the partner organisations. The budget allocated is monitored and consolidated by the Fund's teams in cooperation with L'Oréal's Finance team.

Contributing to the regeneration of nature

Rehabilitation: restoration focuses on halting and reversing ecosystem degradation and recovering biodiversity. *Source: OP2B Restoration Framework/Science Based Targets Network (2020). Science-Based Targets for Nature: Initial Guidance for Business.*

Regeneration: Regeneration measures are applied to farmland and aim to increase ecological productivity in terms of contributions from nature. *Source: OP2B Restoration Framework/Science Based Targets Network (2020). Science-Based Targets for Nature: Initial Guidance for Business.*

4.5.3. Human Rights data

Scope of consolidation: this concerns the human rights data arising from ethics reporting. This scope is identical to that of social data.

Indicators: the indicators have been selected in line with the applicable regulations, and to enable data comparison, in particular.

Data: the Ethics, Risk and Compliance Department collects the data relating to ethics and human rights for L'Oréal subsidiaries using the Annual Ethics Reporting platform. The scope is aligned with individual company data unless otherwise indicated for each indicator. Human rights data for the employees of the Group's suppliers are consolidated by the Purchasing Department and collected mainly during social audits conducted by an independent and accredited third party. This third party then shares the data and the audit reports with the Group. The other data are collected from the Departments concerned: Corporate Social Responsibility, Worldwide Product Safety Evaluation, Ethics, Risk and Compliance, and the L'Oréal Foundation.

4.5.4. Taxonomy data

The financial and technical information used for this analysis has been the subject of additional reporting and of joint analysis and checking by the local and central teams for the 2023 financial year.

Process for identifying and assessing eligible investments for 2023:

The vast majority of the Group's eligible investments (94%) correspond to data relating to leases that have been capitalised in accordance with IFRS 16. The Group's other eligible investments (6%) correspond to other activities, as described in the regulation tables. Solar panels are generally owned by the providers and rarely the subject of investments by the Group. They are therefore not included in the eligibility analysis for CapEx. Eligible investments include leases that have been capitalised in accordance with IFRS 16, which relate to Aēsop, a company that entered the Group's scope of consolidation at the beginning of September 2023.

For individually identified and reported CapEx, the Financial Directors of each Zone have identified significant eligible projects. The Group's financial tools are not, to date, capable of tracking investments according to the nomenclature of the activities that are eligible under the Taxonomy. The analysis was conducted using a threshold of work, so as to focus the analysis on the most significant projects linked to real investment amounts committed.

Individually identified CapEx of the Operations Department was subject to self-assessment by the Finance and Operations Departments. The Group's financial tools are not, to date, capable of tracking investments according to the nomenclature of the activities that are eligible under the Taxonomy. The projects were identified on the basis of the climate monitoring of the L'Oréal for the Future programme, using a threshold of work, so as to focus the analysis on the most significant projects.

CapEx linked to the circular economy objective have been deemed not significant with the aid of interviews with subject experts, projects identified on the basis of the monitoring of the L'Oréal for the Future programme and by management control tools used by the Operations Finance Department.

Group consolidated OpEx with the Taxonomy Regulation denominator are defined as the set of expenses included in operational profit.

Checks are conducted centrally to ensure each project is eligible and to ensure that the same project is not counted twice when assessing Taxonomy indicators.

Process for qualifying aligned investments for 2023:

The alignment of capitalised leases under IFRS 16 relating to Aēsop has not been tested in view of the entity's recent integration.

In accordance with the instructions of the Delegated Acts, an investment is qualified as "aligned" to the Taxonomy, if it meets the three criteria below.

The alignment criteria for construction and renovation projects undertaken by the Group are analysed solely in the year of final delivery in order to be able to assess the energy performance of the project with greater certainty.

1. **The technical criteria for substantial contribution broken down by the activity: Acquisition and ownership of buildings (7.7)**

In terms of the climate change mitigation objective:

In terms of the acquisition of buildings constructed before 31 December 2020 for which experts appointed by the Group do not have the buildings' EPC[1] or are not aware of the threshold relating to the top 15% of the best performing buildings in terms of primary energy consumption at national or regional level, the labels for which energy performance is a certification criterion and for which the maximum level of certification has been reached, the buildings in question have been considered, in the context of this transition exercise, as making a substantial contribution to climate change mitigation with regard to the Taxonomy. The buildings are then considered highly likely to be among the best performing buildings in the country and the label should place the building in the top 15% of the country or region. If the label's best score is not achieved, a case-by-case analysis is conducted.

In terms of the acquisition of buildings constructed after 2020 and for which experts appointed by the Group do not have the buildings' EPC, buildings with labels for which energy performance is a certification criterion and for which the maximum level of certification has been reached, have been considered, in the context of this transition exercise, as making a substantial contribution to climate change mitigation with regard to the Taxonomy. The experts also ensure that the other technical criteria set out in the Delegated Acts for building acquisitions are met in order to qualify the alignment with the Taxonomy.

Where renovation or repairs that improve energy efficiency or equipment for renewable energy are concerned, the Group ensures that the work complies strictly with the respective criteria laid down in the Delegated Acts for each activity.

(1) Energy Performance Certificate (EPC)

In terms of the climate change adaptation objective:

In addition to complying with the technical criteria of the DNSH principle under the climate change mitigation objective, the Group is satisfied that adequate adaptation solutions exist in terms of equipment and infrastructure for the predominant physical risks identified. The application of this criterion allows the CapEx eligibility validation of activities suited to that purpose.

2. **The five other objectives covered by the Taxonomy (DNSH):**

In terms of the climate change mitigation objective:

As far as DNSH is concerned, under the adaptation objective, an external organisation has conducted the exposure analyses for climate change adaptation for this year. These analyses were carried out according to scenarios RCP 2.6, RCP 4.5 and RCP 8.5[1] with time horizons of 2040, 2050 and 2060, and the hazards described in Appendix A of the delegated regulation on the objectives of climate change mitigation and adaptation (2021/2139). An initial inventory of adaptation solutions was drawn up in 2022 and continued in 2023. Their assessments will be further developed during financial year 2024.

In terms of the climate change adaptation objective:

Each project must comply with high standards in terms of the methodology used for the criteria of substantial contribution to the climate change mitigation objective.

In terms of these two climate objectives:

Each project must do no harm to the other objectives included in the Taxonomy Regulation: water, circular economy, pollution and biodiversity. The DNSH analyses for these objectives are conducted on the basis of the information available for each project and activity, in view of the criteria laid down by the Delegated Acts.

3. **Compliance with the "minimum safeguards":**

The "minimum social" criteria are reviewed centrally, by the Responsible Purchasing Departments and the Human Rights Department, in light of the requirements of the report on the minimum safeguards issued by the Platform on Sustainable Finance (PSF). L'Oréal guarantees that procedures have been put in place in respect of the four themes set out below. These measures are considered to be effective if (i) no complaints have been lodged against the Group or against a L'Oréal employee or (ii) an action plan is implemented following a complaint in one of the following four areas: respect for human rights (including consumer rights), anti-corruption practices, tax policy implemented, raising administrative staff awareness of the importance of complying with all applicable laws and regulations in the field of competition law.

(1) *Representative Concentration Pathways [RCP] – AR6*

4.6. Cross-reference tables, including NFRD and GHG footprint

4.6.1. Cross-reference table for reporting standards in respect of social, environmental and societal matters

Sections or pages	Non-financial information statement – Articles L. 225-102-1, L. 22-10-36 and R. 225-105 of the French Commercial Code	Principles of the UN Global Compact
	PRINCIPLES	
4.5	**Methodological notes**	
4.7	**Opinion on the compliance and true and fair nature of the information**	
1.3	**Business model**	
	MAIN RISKS	
4.2.2.	• Environment	
4.2.2.	• Human resources	
4.2.2.	• Human rights	
4.2.2.	• The fight against corruption	
4.2.2	• The fight against tax avoidance	
	POLICIES, INDICATORS, RESULTS	
4.3.1.	• Environment	
4.3.2.	• Human resources	
4.3.3.	• Human rights	
4.3.4.	• The fight against corruption	
4.3.5.	• The fight against tax avoidance	
	INFORMATION AND COMMITMENTS	1, 2, 6, 8
4.3.1.1.3., 4.3.1.3.1., 4.3.1.4., 4.3.1.5., 4.3.1.6.	**Consequences on climate change**	
4.3.2.4., 4.3.3.4.	**Collective agreements concluded within the company**	
4.3.1.2.2., 4.3.2.1., 4.3.2.4., 4.3.2.5., 4.3.3.5.	**Working conditions of employees**	
4.3.2.6	**Measures to combat discrimination and promote diversity**	
4.3.2.6	**Measures in favour of disabled people**	
	SOCIETAL COMMITMENTS IN FAVOUR OF	7, 8, 9
1.4.2., 4.1., 4.3.1.	• Sustainability	
1.4.2., 4.3.1.1.6., 4.3.1.5.1.	• Circular economy	
p. 178, 4.3.1.1.6.	• Fight against food waste	
p. 178	• Fight against food insecurity	
p. 34, 4.3.1.3.2.	• Respect for animal welfare	
p. 178, 4.3.1.1.6., 4.3.2.4.	• Responsible, fair and sustainable food	
p. 9, 4.3.2.4., p. 251	• The practice of physical and sporting activities	
p. 246	• Links between the Nation and the Army	
	SOCIAL, ENVIRONMENTAL, AND SOCIETAL INFORMATION	
	SOCIAL INFORMATION	1, 2, 3, 4, 5, 6
	Employment	**4, 5, 6**
p. 239	• Total workforce	
p. 239	• Distribution of employees by gender, by age and by geographic zone	
p. 240, 4.3.2.2.	• Recruitments	
p. 240	• Dismissals	
4.3.2.5.	• Compensation and trends	

Sections or pages	Non-financial information statement – Articles L. 225-102-1, L. 22-10-36 and R. 225-105 of the French Commercial Code	Principles of the UN Global Compact
	Work organisation	4
4.3.2.4.	• Organisation of working time	
p. 240	• Absenteeism	
	Social relation	3
4.3.2.4.	• Organisation of the social dialogue	
4.3.2.4.	• Situation with regard to collective agreements	
	Health & Safety	1,2
4.3.2.1., 4.3.2.4.	• Health and safety conditions at work	
4.3.2.4.	• Status report on agreements signed with trade union organisations with regard to health and safety at work	
4.3.2.1.	• Frequency and severity of occupational injuries	
4.3.2.1.	• Occupational diseases	
	Learning	8
4.3.2.3.	• Learning policy implemented	
4.3.2.3.	• Total number of learning hours	
	Equality of treatment	1, 2, 6
4.3.2.6.	• Measures taken to promote gender equality	
4.3.2.6.	• Measures taken in favour of employment and professional insertion of the disabled	
4.3.2.6.	• Policy to combat discrimination	
	Promotion & compliance with the ILO conventions	1, 2, 3, 4, 5, 6
4.3.2.4., 4.3.3.1.	• Compliance with freedom of association and the right to collective bargaining	
4.3.2.6., 4.3.3.1.	• Elimination of employment and professional discrimination	
4.3.3.1., 4.3.3.4., 4.3.3.5.	• Elimination of forced or compulsory labour	
4.3.3.1., 4.3.3.4., 4.3.3.5.	• Effective abolition of child labour	
	ENVIRONMENTAL INFORMATION	2, 7, 8, 9
	General environmental policy	7, 8, 9
p. 37, 4.1., 4.3.1.	• Company structure to account for environmental issues and, where applicable, environmental evaluation or certification measures	
4.3.1.1.1., p .244	• Learning actions and provision of information to employees with regard to environmental protection	
4.2.2., 4.3.1.	• Measures to prevent environmental risks and pollution	
p. 190	• Amount of the provisions and cover with regard environmental risks, on condition that this information is not liable to cause serious harm to the Company in a lawsuit in process	
	Pollution	2, 7, 8, 9
4.3.1.1.2.	• Means of preventing, reducing or remedying discharges into the air, water and soil that seriously affect the environment	
4.3.1.1.2	• Noise disturbances and any other pollution related to an activity	
	Circular economy	2, 7, 8, 9
	(i) Prevention and management of waste	
4.3.1.1.6., 4.3.1.3.1., 4.3.1.5.1.	• Measures to prevent, recycle, reuse, other forms of recovery and waste elimination	
p. 178, 4.3.1.1.6.	• Fight against food waste	
	(ii) Sustainable use of resources	
1.4.2., 4.3.1.1.4., 4.3.1.2.2.	• Water consumption and water supply depending on local constraints	
4.3.1.3.	• Raw material consumption and measures taken to improve efficiency in their use	

Sections or pages	Non-financial information statement – Articles L. 225-102-1, L. 22-10-36 and R. 225-105 of the French Commercial Code	Principles of the UN Global Compact
1.4.2., 4.3.1.1.3.	• Energy consumption, measures taken to improve energy efficiency and use of renewable energy	
4.3.1.1.2., 4.3.1.1.5.	• Soil use	
	Climate change	7, 8, 9
4.3.1.4.1.	• Significant sources of greenhouse gas emissions generated by the Company's activity, in particular by the use of goods and services it produces	
1.4.2., 4.3.1.4.2., 4.3.1.4.3.	• Ambitious voluntary medium- and long-term greenhouse gas emission reduction targets and the means implemented to achieve them	
4.2.2., 4.3.1.1.3., 4.3.1.3.1., 4.3.1.4.	• Adaptation to the consequences of climate change	
	Protection of biodiversity	7, 8
4.3.1.1.5., 4.3.1.3.1., 4.3.1.5.2.	• Measures taken to preserve or develop biodiversity	
	SOCIETAL INFORMATION	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
	Societal commitments for sustainability	1, 2, 4, 5, 6, 7, 8, 9, 10
p. 25, 1.4.2., p. 239	• Impact of the Company's activity on employment and local development	
4.1.5., 4.3.1.2.2., 4.3.3.6.	• Impact of the Company's activity on neighbouring or local populations	
4.1.5., 4.3.2.4.	• Relationships with the Company's stakeholders and means of dialogue with them	
4.1.5., 4.3.1.2.2., 4.3.1.3.2., 4.3.3.6.	• Partnership or philanthropy actions	
	Subcontractors and suppliers	1, 2, 4, 5, 6, 7, 8, 9, 10
1.3.8., 4.3.1.2., 4.3.3.6.	• Taking into account social and environmental issues in purchasing policy	
1.3.8., 4.3.1.2., 4.3.3.6.	• Consideration of their social and environmental responsibility in relations with suppliers and subcontractors	
	Fair practices	10
4.3.4.	• The actions taken to prevent corruption	
1.3.8., 4.1.5., 4.3.1.3.2., 4.3.3.3.	• The measures taken in favour of consumer health and safety	
1.4.2., 4.3.3.	**Other actions taken in favour of human rights**	1, 2, 3, 4, 5, 6, 8

4.6.2. TCFD cross-reference table

The cross-reference table below identifies the main information of this document according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Group's alignment with the TCFD principles is detailed in paragraph 4.3.1.4.3.

Governance	Sections of this document
1. Supervision by the Board of Directors of climate-related risks and opportunities	p. 14, 2.3.2., 2.3.3., 2.3.4., 4.1.
2. Role of Management in the assessment and management of climate-related risks and opportunities	3.2., 4.1.
Strategy	
1. Climate-related risks and opportunities identified in the short, medium and long term	3.5.3.2., 4.2.
2. Impact of climate-related risks on the Group’s business activities, strategy and financial forecasts	3.5.3.2., 4.2.
3. Resilience of the Group, taking into consideration different climate scenarios including a scenario of 2°C or less	1.3., p. 183-184, 4.3.1.4.3.
Risks and opportunities	
1. Procedures to identify and assess climate-related risks	3.5, 4.2.
2. Procedures for managing climate-related risks	3.5, 4.2.
3. Integration of the procedures to identify, assess and manage climate-related risks within the total management of the Group’s risks	3.2.
Indicators	
Indicators used to assess climate-related risks and opportunities, in line with the Group’s strategy and risk management procedure	1.4.2., 4.1., 4.3.1.
Scope 1, 2 and 3 greenhouse gas emissions and associated risks	4.2.2., 4.3.1.2.3., 4.3.1.4., 4.6.5.
Objectives used to manage climate-related risks and/or opportunities and the Group’s performance in relation to its objectives	1.4.2., 2.4., 4.1., 4.3.1.

4.6.3. SASB cross-reference table[1]

Theme	Measurement	Group information	Code
Water management	1. Total water withdrawn 2. Total water consumed Percentage of each from regions with high or extremely high water stress	**Total water withdrawn:** 2,120,008 m^3 – factories % of water drawn from regions with water stress: 32% **Total water consumed:** 1,059,545 m^3 % of water drawn from regions with water stress: 33% See the following paragraphs: 195-197	CG-HP-140a.1
	Description of risks associated with water management and discussion of strategies and practices aimed at reducing these risks	L'Oréal has set itself a major objective of fighting climate change and preserving natural resources in the overall exercise of its activity. The Group wants to preserve the water resource throughout its value chain, on its operated sites and by engaging its ecosystem in its commitments. See the following paragraphs: p. 181, 195-197, 208-209	CG-HP-140a.2
Product performance in terms of the environment, health and safety	Sales from products containing REACH substances of very high concern (SVHC)	L'Oréal has developed a detailed analysis of health and safety risks. Note that the same safety standards are applied worldwide to ensure identical quality. See the following paragraphs: p. 164, 181, 215-217	CG-HP-250a.1
	Sales from products containing substances included on the California DTSC Candidate Chemicals List		CG-HP-250a.2
	Discussion on the process for identifying and managing emerging materials and chemicals of concern		CG-HP-250a.3
	Sales from products designed according to the principles of Green Chemistry	100% of the new formula launches were evaluated, with 79% showing an improved environmental profile. 96% of new or updated products have an improved environmental profile. See the following paragraph: p. 208	CG-HP-250a.4
Management of the packaging life cycle	1. Total weight of packaging 2. Percentage of packaging composed of recycled and/or renewable materials 3. Percentage of recyclable, reusable and/or compostable packaging	Management of the packaging life cycle is a central component of the Group's environmental policy. In 2023, the figures were as follows: 1. The total weight of plastic packaging was 170,811 tonnes. 2. 44% of the plastic packaging is refillable, recyclable, reusable and/or compostable. 3. 32% of the plastic packaging materials are from recycled or biobased sources. See p. 216	CG-HP-410a.1
	Discussion on strategies for reducing the environmental impact of packaging during its life cycle	In order to best understand the environmental impact of its packaging, L'Oréal has used SPOT since 2017. It calculates the complete environmental footprint of a product according to the European Commission recommendation (Product Environmental Footprint). See the following paragraphs: p. 198-199, 215-217	CG-HP-410a.2
Environmental and social impact of the palm oil supply chain	Quantity of palm oil and derivatives Percentage certified by the supply chains of the Roundtable on Sustainable Palm Oil (RSPO) as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim	In 2023, L'Oréal consumed 206 tonnes of palm oil and 92,186 tonnes of palm oil and palm kernel derivatives. 100 % of the palm oil supplies have been certified sustainable by the Round Table on Sustainable Palm Oil (RSPO) since 2010, and of palm oil and palm kernel derivatives supplies since 2012. Segregated: 100%. The Group has reached 99.8% of RSPO Mass Balance. The remainder is covered by Book & Claim. See p. 213-214	CG-HP-430a.1
Measurement of activity	Unit of products sold, total weight of products sold	The Group does not report on this indicator.	CG-HP-000.A
	Number of factories	L'Oréal has 37 factories around the world. See p. 36	CG-HP-000.B

(1) *Sustainability Accounting Standards Board.*

4.6.4. GRI Standards Content Index

A table, prepared according to the latest GRI[1] Standards, is available in the "ESG Performance" section under the "Commitments" tab on the loreal.com website. Material issues have been mapped with the relevant GRI Standards disclosure.

4.6.5. GHG footprint

This table provides a detailed list of all restatements made to adjust our GHG footprint since 2016. These changes may concern the scope under review, the methodology used or the emission factors used.

	Thousands of tonnes of CO_2 equivalent	Comments	Financial year 2016	Financial year 2019	Financial year 2022	Financial year 2023
Reported figures	Scopes 1, 2 and 3		114	11,762	11,270	11,501
	of which Scope 3		Unpublished[1]	11,682	11,245	11,406
Unpublished data	Scopes 1, 2 and 3	Unpublished 2016 GHG footprint results Scopes 1, 2 and 3[2]	9,881			
	of which Scope 3		9,712			
Variances	Scopes 1 and 2	**TOTAL RESTATEMENTS**	**16**	**68**	**67**	
		Improvement in the accuracy of the methodology[3]	10	10	15	
		Improvement in the accuracy of the scope[4]	26	58	52	
	Scope 3	**TOTAL RESTATEMENTS**	**1,509**	**-1084**	**-287**	
		Improvement in the accuracy of the methodology (from 2023)[5]	-103	-160	-120	
		Improvement in the accuracy of the methodology (from 2023)[6]	-119	-70	-164	
		Improvement in the accuracy of the scope (from 2023)[7]	47	208	375	
		Update of the emission factors (from 2023)[8]	-337	-348	-378	
		Improvement in the accuracy of the methodology (from 2022)[9]	-262	-276		
		Improvement in the accuracy of the methodology (from 2022)[10]	-883	-737		
		Improvement in the accuracy of the scope (from 2022)[11]	4	-6		
		Update of emission factors (from 2022)[12]		-283		
		Improvement in the accuracy of the methodology (from 2021)[13]	259	258		
		Improvement in the accuracy of the methodology (from 2021)[14]	177	-397		
		Improvement in the accuracy of the scope (from 2021)[15]	958	880		
		Improvement in the accuracy of the scope (from 2021)[16]	19			
		Improvement in the accuracy of the scope (from 2021)[17]	-46			
		Improvement of emissions factors (from 2021)[18]	81			
		Improvement in the accuracy of the scope (from 2020)[19]			424	
		Improvement of emissions factors (from 2020)[20]			-577	

(1) *Global Reporting Initiative.*

	Thousands of tonnes of CO_2 equivalent	Comments	Financial year 2016	Financial year 2019	Financial year 2022	Financial year 2023
		Update of the parameters (from 2019)[21]	28			
		Improvement in the accuracy of the scope (from 2018)[22]	340			
		Update of emission factors (from 2018)[23]	1,245			
		Improvement in the accuracy of the scope (from 2018)[24]	51			
Like-for-like basis	**Scopes 1, 2 and 3**		**11,406**	**10,746**	**11,050**	**11,501**
	of which Scope 3		**11,221**	**10,598**	**10,958**	**11,406**

(1) In 2016, the Scope 3 total reported was that of 2015; only the five main items of the 2016 Scope 3 were updated and reported (representing 90% of Scope 3). The work on the 2016 GHG footprint continued pursuant to the SBT commitments.
(2) Data calculated under the SBT commitments (SBT baseline Scopes 1, 2 and 3).
(3) Improvement in the accuracy of data (including store emissions).
(4) Variation in allocations to leased vehicles and stores, in Scope 3.
(5) Developments in the methodology and alignment with external databases (transportation of our finished products).
(6) Developments in the internal methodology, mainly in the areas of packaging decoration, raw materials, purchases of services, and production investments.
(7) Improved data accuracy (cloud-related emissions, promotion and distribution of our products).
(8) Updating of emissions factors (raw materials).
(9) Developments in the methodology and alignment with external databases (waste generated by sites, consumer travel, IT, business travel).
(10) Developments in the internal methodology, mainly affecting the use phase (rinse volumes for body products).
(11) Improved data accuracy (vehicle fleet and emissions related to energy consumption for remote working).
(12) Update to emission factors (use and end of life of products sold, packaging items).
(13) Variation in the methodology and external data bases (transport and capital goods).
(14) Variation in the methodology and alignment of the internal data bases
(15) Improvement in the accuracy of the data (emissions related primarily to purchases of services and IT).
(16) Variation in allocations to leased vehicles and stores, in Scope 3.
(17) Improved precision in the POS data.
(18) Change in the source of the data on the energy mix used for residential water heating in the different countries.
(19) Improved accuracy of data for formulas and finished products (nomenclature).
(20) Update of the energy mix used for residential water heating in European countries.
(21) Improvement in the data related to the product use phase: volume of water and quantity of products used.
(22) Improved precision in the POS data.
(23) Change in the source of the data on the energy mix used for residential water heating in the different countries.
(24) Variation in allocations to leased vehicles and stores, in Scope 3.

4.7. Statutory Auditor's Reports

4.7.1. Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial performance statement

Year ended December 31, 2023

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

L'Oréal

Société Anonyme

14, rue Royale

75008 Paris

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of your company L'Oréal (hereinafter the "Entity"), appointed as independent third party ("third party"), accredited by the French Accreditation Committee (Cofrac), under number 3-1886 (Cofrac Inspection Accreditation, scope available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2023 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*code de commerce*).

Conclusion

Based on the procedures we have performed as described in the section "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement and available on the Entity's website or on request from its headquarters.

Limits inherent in the preparation the Information

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in section "4.5 Methodological notes" of the Group management report.

Responsibility of the Company

Management of L'Oréal is responsible for:

- selecting or establishing suitable criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Entity's Guidelines as referred to above.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with our audit verification programme in application of Articles A. 225-1 *et seq.* of the French Commercial Code and with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l'OTI – Déclaration de performance extra-financière,* and acting as the verification programme and with the international standard ISAE 3000 (revised)[1].

Independence and quality control

Our independence is defined by Article L. 821-28 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of nine people between September 2023 and February 2024 over a total intervention period of around twenty-four weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around thirty interviews with people responsible for preparing the Statement, representing in particular Corporate Social Responsibility, Legal Affairs, Ethics and Risk Management, Human Resources, Environment, Health and Safety, Research, Innovation and Technology, Environment and Purchasing departments.

This work involved the use of information and communication technologies allowing the work and interviews to be carried out remotely, without hindering the good execution of the verification process.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement includes each category of social and environmental information set out in section III of Article L. 225-102-1, as well as information regarding compliance with human rights and anticorruption and tax avoidance legislation, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks.

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

- We verified that the Statement presents the business model and a description of the main risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the main risks.
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented; and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important, presented in Appendix 1. Concerning certain risks or information (human resources, environment, health and safety, human rights, social, etc.), our work was carried out on the consolidating entity, while for other risks, our work was carried out on the consolidating entity and on a selection of entities.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures implemented by the Entity and assessed the data collection process aimed at ensuring the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes that we considered to be the most important listed in Appendix 1, we implemented:
  - analytical procedures that consisted in verifying the proper consolidation of collected data as well as the consistency of changes there to;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities presented in Appendix 2 and covers between 21% and 30% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris La Défense, February 16, 2024

One of the Statutory Auditors,

Deloitte & Associés

David Dupont-Noël	Catherine Saire
Partner, Audit	Partner, Sustainability Services

Appendix 1 - List of Information we Considered as the most important

1. Key performance indicators and other quantitative results

a. Environment, Health and Safety:

In **bold**, the indicators and information disclosed as such in the management report.

THEMES	INDICATORS
Production	Number of FG produced (in millions)
	Number of hours worked on site by L'Oréal employees and temporary workers (*in thousands*)
Water	Water withdrawals - volume by source (m^3)
	Total net water withdrawal (excluding water recycled on site and rainwater for gardening) (m^3)
	Net water withdrawal (l/FG produced; l/100h)
	Total volume of water recycled and reused on site (m^3)
	Untreated wastewater sent to off-site treatment (m^3)
	Wastewater released after on-site treatment (m^3)
	Weight of COD before off-site treatment (tons)
	Weight of COD after on-site treatment (tons)
	Specific pollution rate released at the exit of the site (g COD/FG produced)
	Percentage of Waterloop factories (%)
Biodiversity	Date of the last biodiversity inventory received (YYYYMM)
	On-site use of phytosanitary products (1=Yes/0=No)
Waste	**Total transportable waste linked to the activity by nature (excluding returnable packaging)** (tons)
	Hazardous waste/non-hazardous waste (tons)
	Treatment of transportable waste linked to the activity (tons) (reuse, recycling...)
	Total waste excluding sludge out (tons; g/FG produced, kg/100h)
	Material recovery (%)
	Total landfill (landfill without local regulatory constraints and landfill for local regulatory constraints) (tons)
Energy and GHG emissions	**Repartition by source of energy**: electricity, fossil gas, fuel (including "Of which quantity of fuel oil for sprinkler tests and/or electricity back-up generators"), steam, others (kWh)
	Renewable electricity consumption (kWh)
	Cooling gas leaks (kg)
	SO_2 discharge (kg)
	Percentage of Sulphur for used fuel oil (%)
	Emission factors (scope 1 and 2)
	Emissions of CO_2 - Scope 3 (global results and each individual category of the Scope 3)
	Total energy consumption (kWh; kWh/1000FG produced; kWh; kWh/100h)
	Percentage of renewable energy consumption (%)
	Energy withdrawal (kWh; kWh/1000FG produced; kWh; kWh/100h)
	Total CO_2 direct and indirect, Market Based and Location Based (tons)
	Percentage of carbon neutral sites (%)
	Volatile Organic Compounds emissions (kg)
Health and safety	Number of hours worked by L'Oréal personnel and temporary employees (in thousands) – not disclosed
	Lost Time Injury Rate (LTIR)
	Total Recordable Injury Rate (TRIR)

b. Social

THEMES	INDICATORS
Headcount	**Statutory employees and breakdown by type of contract, by zone, by gender**
	Number of employees with disabilities
	Number of temporary employees
	Statutory employees with a non-guaranteed hours contract
Remuneration	**Worldwide Profit Sharing (WPS) Program to be paid**
	Minimum wage
	Number of permanent contracts with a fixed salary below the living wage
Evolution	**Number of recruitments (permanent contracts)**
	Other employees joining the company
	Number of dismissals (permanent contracts)
	Number of resignations and mutual agreements (permanent contracts)
	Other employees leaving the company
Absenteeism	**Overall absenteeism rate and illness (%)**
Learning	**Number of learning hours**
	Percentage of Group employees having received at least one training course during the year (%)
Share & Care	**Percentage of the Group's permanent employees who can benefit from financial protection in the event of an accident in life (%)**
	Percentage of the Group's permanent employees who can benefit from health coverage aligned with the best practices of their country of residence (%)
	Number of statutory employees entitled to take family related leaves
	Number of statutory employees that took family-related leaves
Collective agreement	**Percentage of employees covered by collective agreements (%)**
	Presence of employee representatives
	Percentage of Group employees working in countries where representative bodies are in place, on at least one of the sites (%)
	Number of company collective agreements in force at 31/12
	Number of statutory employees covered by employee representatives
Ethics	**Percentage of employees with access to mandatory e-learning on ethics and having completed this training (%)**
Diversity, Equity, and Inclusion	**Percentage of international brands led by women (%)**
	Number of countries that have received the GEEIS label
	Number of countries that have received the EDGE label

c. Societal

THEMES	INDICATORS
Purchasing & Sourcing/ Greenhouse gas emissions	Percentage of direct suppliers participating in the CDP Climate (%)
	Percentage of indirect suppliers participating in the CDP Climate (%)
	Percentage of total suppliers participating in the CDP Climate (%)
	Percentage of direct strategic suppliers whose scope 1-2 reporting is verified among strategic suppliers (%)
	Percentage of indirect strategic suppliers whose scope 1-2 reporting is verified among strategic suppliers (%)
	Percentage of strategic suppliers whose scope 1-2 reporting is verified among strategic suppliers (%)
	Average score of strategic suppliers participating in CDP Climate (in number of suppliers)
Purchasing & Sourcing/ Water	Percentage of direct suppliers participating in CDP Water (%)
	Percentage of indirect suppliers participating in CDP Water (%)
	Percentage of suppliers participating in CDP Water (%)
	Average score of strategic suppliers participating in CDP Water (in number of suppliers)
Purchasing & Sourcing/ Biodiversity	Percentage of renewable raw materials from certified sustainable sources (%)
	Number and percentage of botanical species at the origin of the bio-sourced raw materials used by the Group presenting strong biodiversity issues
	Percentage of volumes of palm derivatives and palm kernels products traced: to refineries; to the mills; to plantations (%)
	Percentage of palm oil and derivatives certified: Segregated + Mass Balance (%)
Solidarity Sourcing	**Number of people who had access to employment thanks to the Solidarity Sourcing program**
Packaging & eco-design	Percentage of plastic packaging of recycled or bio-based origin (%)
	Ratio of g of packaging per g of formula (pack/formula) – intensity
	Among plastic packaging, percentage of refillable, reusable, recyclable or compostable (%)
	Percentage of bio-sourced packaging materials that are traceable and from sustainable sources. None will contribute to deforestation (pack + POS) (%)
	Percentage of eco-designed products (%)
Point-of-sale advertising	**Percentage of eco-designed stores (%)**
R&I/Water	**Percentage of reduction in water consumption related to consumer use of products compared to 2017 (%)**
R&I/Resources	Percentage of ingredients from circular processes (%)
	Percentage of bio-sourced raw materials (%)
R&I/Other indicators	Percentage of biodegradability of formulas (%)
Transport	**CO_2 emissions linked to the transport of FG produced (gCO_2/FG/km)**
	CO_2 emissions linked to the transport of FG produced (tons of CO_2e)
	CO_2 emissions in absolute value (gCO_2 per sales unit)
Corporate Responsibility & Foundation/ Brand commitments	**Number of people who have benefited from the brands' societal commitment programs**
Corporate Responsibility & Foundation/ Women's Fund	**Number of structures and direct female beneficiaries supported under the Women's Fund**
Corporate Responsibility & Fondation/ Beauty for Better Life training	**Number of people in very precarious situations trained in beauty professions**

THEMES	INDICATORS
Purchasing & Sourcing/Social audits	**Number of social audits carried out in 2023**
	Cumulative number of social audits 2023 (since 2020)
	Number of sites audited 2023
	Number of sites audited in "remote audit" in 2023
	Number of sites audited cumulative 2023 (since 2020)
	Distribution of non-compliances identified during supplier social audits by audited chapter
Purchasing & Sourcing/ Supplier Evaluation	Percentage of sites having improved their social audit result in 2023 (%)
Human rights	**Number of employees aged 16 to 18**
	Communications and training on human rights topics

2. Other qualitative results

Corporate Responsibility & Foundation/L'Oréal Fund	Commitments made in 2023 as part of the L'Oréal Fund for the Regeneration of Nature
	Commitments made in 2023 as part of the Global Circular Economy Investment Fund (Circular Innovation Fund)
Corporate Responsibility & Foundation/Brand commitments	Brand Societal Engagement Programs
Retail	Eco-design program for advertising displays at points of sale

Appendix 2 - List of selected contributing entities and sites

- **Social data selected at the subsidiary level in the following 3 countries:**
  - USA;
  - India;
  - Spain.
- **EHS data selected from the following sites:**

COUNTRY	SITE NAME
Germany	1. Karlsruhe
Belgium	2. Libramont
China	3. Suzhou
	4. SA SHANGHAI_CHN
	5. SA SHANGHAI JINGHUA_CHN
	6. SA CHINA STORES
Egypt	7. Cairo
Spain	8. Madrid
	9. SA SPAIN
France	10. Rambouillet
	11. Tours
India	12. Baddi
	13. Pune
Indonesia	14. Jakarta
Italia	15. Settimo
	16. DC_ITA_VILLANTERIO
	17. SA ITALY
Kenya	18. Nairobi

4.7.2. Reasonable assurance report of the Statutory Auditors on a selection of consolidated social, societal and environmental information for the year ended 31 December, 2023

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended 31 December, 2023

To the chairman of the Board,

In our quality as Statutory Auditors of your Company (hereafter "Entity") and further to your request, we have undertaken a reasonable assurance engagement on a selection of consolidated social, societal and environmental information (hereinafter, the "Information"), that the Entity has chosen to prepare in accordance with its protocols (hereinafter, the "Guidelines"), detailed in annex and in L'Oréal Group Universal Registration Document for the year ended on 31 December 2023.

Opinion in the form of reasonable assurance

In our opinion, the Information is prepared, in all material respects, in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information need to be read and understood together with the Guidelines, available on request at the headquarters of the Entity.

Inherent limitations in preparing the Information

As stated in the Universal Registration Document, the Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Some information is sensitive to the methodological choices, assumptions, and/or estimates used in their preparation.

Entity's responsibility

It is the responsibility of the Entity to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare the Information in accordance with the Guidelines;
- design, implement and maintain the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been endorsed by the Board of Directors.

Responsibility of the Statutory Auditors

Our responsibility is:

- to plan and prepare the engagement to obtain a reasonable assurance that the Information is free from material misstatement, whether due to fraud or error;
- to express an independent opinion based on the evidence we have obtained;
- to communicate our opinion to the chairman of the Board of the Entity.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on the entire Universal Registration Document for the year ended on the 31 December 2023 or on the compliance with other applicable legal provisions.

Professional standards applied

Our work was carried out in accordance with the international guidance ISAE 3000 (revised) standard "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" published by the IAASB (International Auditing and Assurance Standard Board).

Independence and quality control

Our independence is defined by the provisions in Article L. 821-28 of the Commercial Code, the Code of Ethics for the statutory auditor profession, and the IESBA Code of Ethics (International Code of Ethics for Professional Accountants (including Independence Standards)).

In addition, we apply the International Standard on Quality Management 1 which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Means and resources

Our work engaged respectively the skills of nine people in DELOITTE & ASSOCIES's teams and eleven people in ERNST & YOUNG Audit's teams between September 2023 and February 2024.

Nature and scope of the work

A reasonable assurance engagement involves the implementation of procedures aimed at obtaining evidence regarding the Information. The nature, timing, and extent of the procedures selected are within our professional judgment, particularly our evaluation of the risks that the Information contains significant misstatements, whether they result from fraud or error. In assessing these risks, we have taken into account the relevant internal control for the preparation of the Information by the Entity. We also :

- assessed the suitability of the Guidelines in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- performed, on the Information:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions;
  - detailed tests based on samples, to check the correct application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out with a selection of contributing entities listed below:
    - for the selected social and societal Information: the headquarters of the entity that centralizes all information;
    - for the selected environmental Information: Belgium (Libramont), China (Suzhou, SA Shanghai SHN, SA Shanghai Jinghua, Yichang, SA Guanghzou), Egypt (Cairo), France (Rambouillet, Tours, Lassigny, Caudry, R&I Episkin, SA Aulnay), Germany (Karlsruhe), India (Baddi, Pune), Indonesia (Jakarta), Italy (Settimo, DC Villantero, SA Italy), Kenya (Nairobi), Mexico (Mexico), Poland (Warsaw), South Africa (Midrand, DC ZAF Centurion), Spain (Madrid, SA Spain), and United States (Franklin, Piscataway, North Little Rock) representing 58% of Group activity (in units of finished goods reviewed). This work covers between 39% and 53% of the consolidated data selected for these tests (52% of CO2 emissions according to the "location-based" method, 39% of total waste, 53% of net water withdrawal).

We consider that the evidence we have obtained allow us to provide a reasonable assurance opinion.

Paris-La Défense, February 16th 2024

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG Audit	
David Dupont-Noël	Catherine Saire	Céline Eydieu-Boutté	Eric Mugnier
Partner	Partner, Sustainable Development	Partner	Partner, Sustainable Development

Annex 1: Information in scope of the reasonable assurance engagement

SOCIAL INFORMATION
• **Percentage of international brands managed by women (%).** • **Number of entities that have been awarded the European labels "Gender Equality European & International Standard".** • **Number of entities that have been awarded the labels "Economic Dividend for Gender Equality".**
ENVIRONMENTAL INFORMATION OF INDUSTRIAL SITES
• **Direct and indirect CO_2 emissions using the "market-based"** and "location-based" **methods (tons).** • **Percentage of sites sing 100% renewable energy (%).** • Total energy consumption (kWh) and by finished good (kWh/1000FG). • **Percentage of renewable energy consumption (%).** • **Energy withdrawal (kWh) and by finished good (kWh/1000FG).** • **Total net water withdrawal (excluding recycled and rainwater used for gardening) (m^3) and by finished good (m^3/FG).** • **Percentage of waterloop factories (%).** • Tolume of water recycled and reused on site (m^3). • **Total waste (excluding sludge) (tons) and by finished good (ton/FG).** • **waste to landfill(with and without local regulatory constraints) (tons).** • **Material recovery rate (%).**
SOCIETAL INFORMATION
• **Number of social audits carried out during 2023.** • **Breakdown of non-compliance identified during social audits by subject audited.** • **Share of plastics in packaging of recycled or biosourced origin.** • Ratio of packaging per gramme of formula – intensity (pack/formula). • **Among plastic packaging, rechargeable, reusable, recyclable or compostable share.** • **Percentage of reduction in water consumption linked to the use of products by consumers compared to 2017.** • Percentage of Bio-sourced raw materials (%).

Bold indicators: indicators published in the Universal Registration Document and identified by the check mark √ within the Universal Registration Document.

2023 Consolidated Financial Statements AFR

5

AFR *This information forms an intregral part of the Annual Financial Report as provided in Article L.451-1-2 of the French Monetary and Financial Code.*

L'Oréal S.A. is a French company, with its head office in France. It acts as a holding company and provides strategic coordination, particularly for brands, as well as reasearch, innovation and technical coordination for the L'Oréal Group throughout the world. At the same time, it performed a sales activity until this activity was subsidiarised on 1 July 2023 to the companies L'Oréal France and L'Oréal International Distribution, as approved by the Annual General Meeting of 21 April 2023 in its 19th and 20th resolutions.

The subsidiaries operate the Group's business activities in the countries or region(s) in which they are located, on the domestic or the export markets. To do so, they define the development strategy specific to their market(s), make the most suitable choices in terms of consumer targets and distribution channels, and manufacture, directly or indirectly, and market the brands they decide to sell on their market(s).

Almost all of the subsidiaries are owned by L'Oréal S.A. which has a holding or control percentage equal or close to 100%.

The financial statements set out in this chapter present the results of the L'Oréal Group as a whole, including all subsidiaries.

The Statutory Auditors' Report on the consolidated financial statements has been included at the end of this chapter.

5.1. Compared Consolidated Income Statements

€ millions	Notes	2023	2022	2021
Net sales	**3.1**	**41,182.5**	**38,260.6**	**32,287.6**
Cost of sales		-10,767.0	-10,577.4	-8,433.3
Gross profit		**30,415.5**	**27,683.3**	**23,854.3**
Research & Innovation expenses		-1,288.9	-1,138.6	-1,028.7
Advertising and promotion expenses		-13,356.6	-12,059.0	-10,591.0
Selling, general and administrative expenses		-7,626.7	-7,028.8	-6,074.2
Operating profit	**3.1**	**8,143.3**	**7,456.9**	**6,160.3**
Other income and expenses	4	-449.9	-241.5	-432.0
Operational profit		**7,693.4**	**7,215.4**	**5,728.3**
Finance costs on gross debt		-226.7	-70.4	-38.0
Finance income on cash and cash equivalents		162.1	69.8	18.5
Finance costs, net		**-64.6**	**-0.6**	**-19.4**
Other financial income and expenses	9.4	-48.8	-72.3	-40.2
Sanofi dividends		420.9	468.2	378.3
Profit before tax and associates		**8,001.0**	**7,610.6**	**6,046.9**
Income tax	6	-1,810.6	-1,899.4	-1,445.4
Share of profit in associates		0.2	1.4	0.6
Net profit		**6,190.5**	**5,712.6**	**4,602.2**
Attributable to:				
• owners of the company		6,184.0	5,706.6	4,597.1
• non-controlling interests		6.5	6.0	5.1
Earnings per share attributable to owners of the company *(euros)*		11.55	10.65	8.24
Diluted earnings per share attributable to owners of the company *(euros)*		11.52	10.61	8.21
Earnings per share attributable to owners of the company, excluding non-recurring items *(euros)*	11.4	12.11	11.30	8.86
Diluted earnings per share attributable to owners of the company, excluding non-recurring items *(euros)*	11.4	12.08	11.26	8.82

5.2. Consolidated Statement of Comprehensive Income

€ millions	Notes	2023	2022	2021
Consolidated net profit for the period		**6,190.5**	**5,712.6**	**4,602.2**
Cash flow hedges		-137.3	288.5	-203.7
Cumulative translation adjustments		-425.8	195.1	610.5
Income tax on items that may be reclassified to profit or loss[(1)]		22.7	-58.0	41.5
Items that may be reclassified to profit or loss		**-540.3**	**425.6**	**448.3**
Financial assets at fair value through other comprehensive income	9.3	-76.3	152.1	1,192.2
Actuarial gains and losses	11.3	-119.3	395.6	585.5
Income tax on items that may not be reclassified to profit or loss[(1)]		28.9	-111.5	-181.7
Items that may not be reclassified to profit or loss		**-166.7**	**436.2**	**1,596.0**
Other comprehensive income		**-707.0**	**861.8**	**2,044.3**
CONSOLIDATED COMPREHENSIVE INCOME		**5,483.6**	**6,574.4**	**6,646.5**
Attributable to:				
• owners of the company		5,477.7	6,567.6	6,641.4
• non-controlling interests		5.9	6.8	5.1

(1) The tax effect is as follows:

€ millions	2023	2022	2021
Cash flow hedges	22.7	-58.0	41.5
Items that may be reclassified to profit or loss	**22.7**	**-58.0**	**41.5**
Financial assets at fair value through other comprehensive income	-1.3	-6.1	-37.3
Actuarial gains and losses	30.2	-105.5	-144.4
Items that may not be reclassified to profit or loss	**28.9**	**-111.5**	**-181.7**
TOTAL	**51.6**	**-169.5**	**-140.2**

5.3. Compared Consolidated Balance Sheets

ASSETS

€ millions	Notes	31.12.2023	31.12.2022	31.12.2021
Non-current assets		**35,529.7**	**32,794.5**	**30,937.6**
Goodwill	7.1	13,102.6	11,717.7	11,074.5
Other intangible assets	7.2	4,287.1	3,640.1	3,462.8
Right-of-use assets	3.2	1,692.4	1,482.7	1,507.6
Property, plant and equipment	3.2	3,867.7	3,481.7	3,266.2
Non-current financial assets	9.3	11,631.6	11,652.8	10,920.2
Investments accounted for under the equity method	8	27.0	18.4	9.9
Deferred tax assets	6.3	921.2	801.1	696.5
Current assets		**16,325.4**	**14,049.6**	**12,075.8**
Inventories	3.3	4,482.4	4,079.4	3,166.9
Trade accounts receivable	3.3	5,092.7	4,755.5	4,021.0
Other current assets	3.3	2,270.6	2,423.2	2,037.9
Current tax assets		191.6	173.9	136.2
Cash and cash equivalents	9.2	4,288.1	2,617.7	2,713.8
TOTAL		**51,855.1**	**46,844.2**	**43,013.4**

EQUITY & LIABILITIES

€ millions	Notes	31.12.2023	31.12.2022	31.12.2021
Equity	**11**	**29,081.6**	**27,186.5**	**23,592.6**
Share capital		106.9	107.0	111.5
Additional paid-in capital		3,370.2	3,368.7	3,265.6
Other reserves		13,799.1	11,675.6	19,092.2
Other comprehensive income		6,123.8	6,404.4	5,738.6
Cumulative translation adjustments		-509.6	-83.8	-279.1
Treasury shares		—	—	-8,940.2
Net profit attributable to owners of the company		6,184.0	5,706.6	4,597.1
Equity attributable to owners of the company		**29,074.3**	**27,178.5**	**23,585.7**
Non-controlling interests		7.3	8.0	6.9
Non-current liabilities		**7,873.9**	**5,937.9**	**2,837.6**
Provisions for employee retirement obligations and related benefits	5.4	562.0	457.9	360.6
Provisions for liabilities and charges	12.1	68.8	67.7	63.8
Non-current tax liabilities	6	255.7	275.6	344.8
Deferred tax liabilities	6.3	846.6	905.6	810.3
Non-current borrowings and debt	9.1	4,746.7	3,017.6	10.7
Non-current lease debt	9.1	1,394.2	1,213.5	1,247.5
Current liabilities		**14,899.7**	**13,719.6**	**16,583.2**
Trade accounts payable		6,347.0	6,345.6	6,068.1
Provisions for liabilities and charges	12.1	977.2	1,205.6	1,223.3
Other current liabilities	3.4	4,816.1	4,484.6	3,980.8
Income tax		208.1	264.2	268.9
Current borrowings and debt	9.1	2,091.5	1,012.8	4,619.4
Current lease debt	9.1	459.8	407.0	422.8
TOTAL		**51,855.1**	**46,844.2**	**43,013.4**

5.4. Consolidated Statements of Changes in Equity

€ millions	Common shares outstanding	Capital	Additional paid-in capital	Retained earnings and net profit[1]	Other comprehensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 31.12.2020	**559,871,580**	**112.0**	**3,259.8**	**22,206.0**	**4,304.5**	**—**	**-889.1**	**28,993.0**	**5.8**	**28,998.8**
Consolidated net profit for the period				4,597.1				4,597.1	5.1	4,602.2
Cash flow hedges					-161.9			-161.9	-0.3	-162.2
Cumulative translation adjustments							610.2	610.2	0.3	610.5
Other comprehensive income that may be reclassified to profit and loss					**-161.9**		**610.2**	**448.3**	**—**	**448.3**
Financial assets at fair value through other comprehensive income					1,154.9			1,154.9		1,154.9
Actuarial gains and losses					441.1			441.1		441.1
Other comprehensive income that may not be reclassified to profit and loss					**1,596.0**			**1,596.0**	**—**	**1,596.0**
Consolidated comprehensive income				**4,597.1**	**1,434.1**		**610.2**	**6,641.4**	**5.1**	**6,646.5**
Capital increase	800,780		5.8					5.8		5.8
Cancellation of Treasury shares		-0.5		-1,104.3		1,104.8		—		—
Dividends paid (not paid on Treasury shares)				-2,264.4				-2,264.4	-4.7	-2,269.1
Share-based payment				155.2				155.2		155.2
Net changes in Treasury shares	-25,260,000					-10,045.0		-10,045.0		-10,045.0
Changes in the scope of consolidation								—		—
Other movements[1]				99.8				99.8	0.6	100.4
At 31.12.2021	**535,412,360**	**111.5**	**3,265.6**	**23,689.3**	**5,738.6**	**-8,940.2**	**-279.1**	**23,585.7**	**6.9**	**23,592.6**
Impact of the application of the IFRIC decision on SaaS contracts				-151.2				-151.2		-151.2
At 01.01.2022[2]	**535,412,360**	**111.5**	**3,265.6**	**23,538.1**	**5,738.6**	**-8,940.2**	**-279.1**	**23,434.5**	**6.9**	**23,441.4**
Consolidated net profit for the period				5,706.6				5,706.6	6.0	5,712.6
Cash flow hedges					229.7			229.7	0.8	230.5
Cumulative translation adjustments							195.3	195.3	-0.2	195.1
Other comprehensive income that may be reclassified to profit and loss					**229.7**		**195.3**	**425.0**	**0.6**	**425.6**
Financial assets at fair value through other comprehensive income					146.1			146.1		146.1
Actuarial gains and losses					290.0			290.0	0.1	290.1
Other comprehensive income that may not be reclassified to profit and loss					**436.1**			**436.1**	**0.1**	**436.2**
Consolidated comprehensive income				**5,706.6**	**665.8**		**195.3**	**6,567.6**	**6.8**	**6,574.4**
Capital increase	1,317,073	0.3	103.1	-0.2				103.2		103.2
Cancellation of Treasury shares		-4.8		-9,437.7		9,442.5		—		—
Dividends paid (not paid on Treasury shares)				-2,601.2				-2,601.2	-4.4	-2,605.6
Share-based payment				169.0				169.0		169.0
Net changes in Treasury shares	-1,542,871					-502.3		-502.3		-502.3
Changes in the scope of consolidation								—		—
Other movements				7.6				7.6	-1.2	6.4
At 31.12.2022	**535,186,562**	**107.0**	**3,368.7**	**17,382.2**	**6,404.4**	**—**	**-83.8**	**27,178.5**	**8.0**	**27,186.5**

(1) Of which €102.2 million pertaining to the IFRIC 2021 interpretation on IAS19 "Employee Benefits" on Attributing Benefit to Periods of Service.
(2) After taking account of the IFRIC final decision in April 2021 on set-up and customization costs for SaaS-type contracts software (note 1).

€ millions	Common shares outstanding	Capital	Additional paid-in capital	Retained earnings and net profit	Other comprehen -sive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 31.12.2022	**535,186,562**	**107.0**	**3,368.7**	**17,382.2**	**6,404.4**	**—**	**-83.8**	**27,178.5**	**8.0**	**27,186.5**
Consolidated net profit for the period				6,184.0				6,184.0	6.5	6,190.5
Cash flow hedges					-113.9			-113.9	-0.6	-114.5
Cumulative translation adjustments							-425.9	-425.9	0.1	-425.8
Other comprehensive income that may be reclassified to profit and loss					**-113.9**		**-425.9**	**-539.8**	**-0.6**	**-540.3**
Financial assets at fair value through other comprehensive income					-77.5		—	-77.5		-77.5
Actuarial gains and losses					-89.2		—	-89.2	—	-89.2
Other comprehensive income that may not be reclassified to profit and loss					**-166.7**			**-166.7**	**—**	**-166.7**
Consolidated comprehensive income				**6,184.0**	**-280.6**		**-425.9**	**5,477.6**	**5.9**	**5,483.6**
Capital increase	810,545	0.2	1.5	—				1.7		1.7
Cancellation of Treasury shares		-0.3		-503.2		503.3		-0.2		-0.2
Dividends paid (not paid on Treasury shares)				-3,248.4				-3,248.4	-6.2	-3,254.6
Share-based payment				168.5				168.5		168.5
Net changes in Treasury shares	-1,271,632					-503.3		-503.3		-503.3
Changes in the scope of consolidation								—		—
Other movements				-0.1	—			-0.1	-0.4	-0.6
AT 31.12.2023	**534,725,475**	**106.9**	**3,370.2**	**19,983.1**	**6,123.8**	**—**	**-509.6**	**29,074.3**	**7.3**	**29,081.6**

5.5. Compared Consolidated Statements of Cash Flows

€ millions	Notes	2023	2022	2021
Cash flows from operating activities				
Net profit attributable to owners of the company		6,184.0	5,706.6	4,597.1
Non-controlling interests		6.5	6.0	5.1
Elimination of expenses and income with no impact on cash flows:				
• depreciation, amortisation, provisions and non-current tax liabilities[1]		1,715.0	1,536.1	1,781.0
• changes in deferred taxes	6.1	-95.3	-96.5	83.6
• share-based payment (including free shares)	5.5	168.5	169.0	155.2
• capital gains and losses on disposals of assets		6.9	7.6	0.5
Other non-cash transactions		14.1	-38.7	16.5
Share of profit in associates net of dividends received		-0.2	-0.5	1.3
Gross cash flow		**7,999.5**	**7,289.6**	**6,640.4**
Changes in working capital[1]	3.5	-394.9	-1,011.3	88.0
Net cash provided by operating activities (A)		**7,604.6**	**6,278.3**	**6,728.4**
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible assets		-1,488.7	-1,343.2	-1,075.2
Disposals of property, plant and equipment and intangible assets		12.8	9.2	14.5
Changes in other financial assets (including investments in non-consolidated companies)		-170.7	-142.8	-117.3
Effect of changes in the scope of consolidation	2.2	-2,497.2	-746.9	-455.7
Net cash from investing activities (B)		**-4,143.7**	**-2,223.8**	**-1,633.7**
Cash flows from financing activities				
Dividends paid		-3,425.6	-2,689.9	-2,352.1
Capital increase of the parent company		1.5	103.2	5.8
Disposal (acquisition) of Treasury shares		-503.3	-502.3	-10,060.9
Purchase of non-controlling interests		—	—	—
Issuance (repayment) of short-term loans		-823.7	-3,563.8	3,939.4
Issuance of long-term borrowings		3,567.1	3,019.9	—
Repayment of long-term borrowings		—	—	—
Repayment of lease debt		-430.6	-446.9	-396.4
Net cash from financing activities (C)		**-1,614.6**	**-4,079.9**	**-8,864.2**
Net effect of changes in exchange rates and fair value (D)		-175.9	-70.7	77.4
Change in cash and cash equivalents (A+B+C+D)		**1,670.4**	**-96.1**	**-3,692.1**
Cash and cash equivalents at beginning of the year (E)		**2,617.7**	**2,713.8**	**6,405.9**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**9.2**	**4,288.1**	**2,617.7**	**2,713.8**

(1) Following the outcome of the dispute with the French Competition Authority, the reversal of the provision and the reversal of the debt for the same amount of €189.5 million were presented in operations without impact on cash flow.

Income tax paid totalled €1,995.7 million, €2,098.7 million and €1,258.3 million for 2023, 2022 and 2021, respectively.

Interest paid (excluding interest on lease debts) amounted to €184.9 million, €28.4 million and €1.7 million for 2023, 2022 and 2021, respectively.

Dividends received totalled €423.6 million, €471.8 million and €379.8 million in 2023, 2022 and 2021, respectively. These are included within the gross cash flow.

Cash outflow relating to leases amounted to €539.2 million (of which €43.8 million related to paid interests on lease debts) €570.3 million (of which €38.1 million related to paid interests on lease debts) and €513.1 million (of which €37.0 million related to paid interests on lease debts) for 2023, 2022 and 2021 including leases that do not fall under the scope of IFRS 16.

5.6. Notes to the Consolidated Financial Statements

NOTES CONTENTS

Note 1. Accounting principles

The consolidated financial statements of L'Oréal and its subsidiaries ("the Group") published for 2023, have been prepared in accordance with *International Financial Reporting Standards* (IFRS), as adopted in the European Union as of 31 December 2023.

On 8 February 2024, the Board of Directors closed the consolidated financial statements at 31 December 2023. The financial statements will not become final until they have been approved by the Annual General Meeting of shareholders to be held on 23 April 2024.

The Group did not anticipate any standards or interpretations not mandatorily applicable in 2023.

Established by the OECD and transposed in December 2023 in France, the Pillar 2 global tax reform aims to establish a minimum taxation of multinational groups at 15% and is applicable from the 2024 financial year. After analysis of the texts as stand current regulations and their consequences, the financial impact of this reform should be insignificant, due in particular to the consistency between the Group's tax footprint and its operational and geographic footprint.

In May 2023, the IASB amended IAS 12 Income Taxes by introducing a temporary exception to the recognition of deferred taxes arising from the Pillar 2 reform. The European Union adopted these amendments on 9 November 2023. The Group has implemented this exception as of 31 December 2023.

1.1. Use of estimates

The preparation of the consolidated financial statements in accordance with international accounting standards requires that the Group make a certain number of estimates and assumptions that may affect the value of the Group's assets, liabilities, equity and net profit (loss).

These estimates and assumptions mainly concern the measurement of goodwill and other intangible assets, operating lease terms, provisions, non-current tax liabilities, pension obligations, deferred taxes and share-based payments. Estimates used by the Group in relation to these different areas are made based on information available when the accounts are prepared and are described in detail in each specific associated note.

1.2. Scope and methods of consolidation

All companies included in the scope of consolidation have a financial year ending 31 December or close their accounts on that date.

All companies directly or indirectly controlled by the parent company L'Oréal have been fully consolidated.

Group companies that are jointly controlled with a limited number of other shareholders under a contractual agreement are consolidated under the equity method in accordance with IFRS 11.

Associates over which the Group has a significant influence have been accounted for by the equity method.

1.3. Translation of the accounts of foreign subsidiaries

The assets and liabilities of foreign subsidiaries are translated at closing exchange rates. Income statement items are translated at average exchange rates for the year.

The resulting translation difference attributable to the Group is entered directly under equity under the item *Cumulative translation adjustments*, while the translation difference attributable to non-controlling interests is recognised under the *Non-controlling interests* item.

Devaluation of the Argentine Peso for the 2023 financial year

On 13 December 2023, the Argentine government and the Central Bank of Argentina modified their exchange control system with the aim of stabilizing the economy plagued by inflation. The official devalued rate as of 31 December 2023 is 894.98 ARS for one Euro (compared to 189.34 ARS for one Euro at the end of 2022).

1.4. Valuation of goodwill in foreign currencies

Goodwill generated on foreign companies is considered to form part of the assets and liabilities of the foreign company, and is therefore expressed in the entity's functional currency and translated using the closing exchange rates in effect at the closing date. Goodwill recorded before 1 January 2004 continues to be recorded in euros.

Note 2. Main events of the period

2.1. Changes in the scope of consolidation

2.1.1. Year 2023

Acquisitions

On 3 April, L'Oréal announced that it had signed an agreement with Natura & Co to acquire Aēsop, the Australian luxury beauty brand, for $2.6 billion (representing €2.4 billion at the rate of the acquisition date). Created in 1987, Aēsop is a global super brand known for its skin, hair and body products, available across luxury retail, beauty and hospitality locations around the world. Aesop operates online and in around 400 exclusive points of sale across the Americas, Europe, Australia and Asia, with a nascent footprint in China where the first store opened in 2022.

This acquisition was completed on 30 August 2023 and has been fully consolidate since that date.

In 2023, this acquisition represented €557.5 million in full-year net sales and €13.1 million in full-year operating profit.

The provisional allocation of the purchase price led to the recognition of goodwill of €1,682.3 million and is as follows:

€ millions	**Fair value at the date of acquisition**
Intangible assets(1)	580.9
Other assets	428.4
Cash	74.8
Other liabilities	-415.3
Aēsop net assets	**668.8**
Goodwill	1,682.3
ACQUISITION PRICE	**2,351.1**

(1) Including €52.8 million of brand and €54.9 million of technological assets.

On 4 December 2023, L'Oréal completed the acquisition of Lactobio, a leading probiotic and microbiome research company based in Copenhagen (Denmark). The strategic acquisition builds on 20 years of advanced research by L'Oréal into the microbiome scientific territory, deepening its knowledge of the microorganisms that live on the skin's surface and reinforcing the Groupe's leadership in this field. The acquisition also opens up new scientific opportunities, including leveraging Lactobio's microbiome expertise and significant IP portfolio to develop safe and effective new cosmetic solutions using live bacteria.

The cost of these new acquisitions represented €2,401.8 million. The total amount of goodwill and other intangible assets resulting from their acquisitions provisionally amounted to €2,313.9 million.

2.1.2. Year 2022

Acquisitions

On 23 September 2022, L'Oréal signed an agreement to acquire Skinbetter Science, a physician-dispensed American skincare brand backed by cutting-edge, dermatological science, combining patented efficacious ingredients with luxurious sensorial textures.

Skinbetter Science was co-founded in 2016 by pharmaceutical industry professionals, Jonah Shacknai, Justin Smith and Seth Rodner, and has since become one of the fastest growing medical-dispensed skincare brands in the United States. Skinbetter Science is known for formulating innovative products with active ingredients for anti-aging, moisturizing, cleansing, exfoliating, skin peeling and sun protection. The brand is strongly supported by deep knowledge of skin and chemistry with clinical trials led by board-certified dermatologists.

Skinbetter Science's products are mainly available through a network of leading dermatology, plastic surgery and medical aesthetics practices throughout the United States, powered by a national medical sales team.

Headquartered in Arizona, the brand's leadership team will continue to run the business following the acquisition and will be integrated under the leadership of the President of the Active Cosmetics Division within L'Oréal USA.

This acquisition was completed on 14 October 2022 and has been fully consolidated since that date.

The cost of this new acquisition represented €857.7 million. The total amount of goodwill and other intangible assets resulting from its acquisition amounted to €833.1 million.

In 2022, this acquisition represented €105.9 million in full-year net sales and €18.7 million in full-year operating profit.

2.1.3. Year 2021

Acquisitions

On 1 February 2021, L'Oréal finalised the acquisition of Takami Co. This company develops and markets under licence products from the Takami skincare brand; owned by Dr. Hiroshi Takami, the founder of the two eponymous dermatology clinics in Tokyo. Mainly available in Japan and in some Asian countries, notably in China.

At the same time, L'Oréal also renewed the brand licensing agreement with Dr. Takami for a very long period and signed a collaboration agreement with the Takami clinics. *Takami* will be integrated into the L'Oréal Luxe Division.

In 2021, the acquisition of Takami represented €54.4 million in full-year net sales and -€7.7 million in full-year operating profit.

On 8 December 2021, L'Oréal signed an agreement to acquire *Youth to the People*, a skincare company based in California inspired by superfood.

Youth to the People develops and markets high-performance skincare products known for innovative formulas that combine premium vegan blends of superfood extracts and science.

Available in the US, Canada, Australia and in select European countries where it enjoys a very strong appeal, the brand is marketed through an omnichannel distribution – mix of D2C e-commerce and selective distribution.

The brand will be integrated into the L'Oréal Luxe Division. In 2021, Youth to the People is expected to record over $50 million of sales. This acquisition was completed on 29 December 2021 and has been fully consolidated since that date.

The cost of these acquisitions represented €524.3 million. The total amount of goodwill and other intangible assets resulting from their acquisitions amounted to €507,7 million (of which €336.7 million of intangible assets related to Youth to the People).

Sale

On 31 March 2021, L'Oréal finalised the sale of the Cosmeurop production site, located in Strasbourg, France to the Superga group.

2.2. Impact of changes in the scope of consolidation in the cash flow statement

For 2023, these changes mainly related to Aēsop acquisition.

For 2022, these changes related to Skinbetter Science acquisition.

For 2021, these changes mainly related to the Takami and Youth to the People acquisitions.

2.3. Transaction on share capital

On 7 December 2021, the L'Oréal Board of Directors approved a strategic transaction consisting of the repurchase by L'Oréal, as part of its share buyback programme, of 22.26 million of its own shares – representing 4% of its capital – from Nestlé. The total price paid to Nestlé was €8.904 billion.

All shares redeemed by L'Oréal have been bought back for the express purpose of cancelling them. The transaction had a marginally accretive impact on the diluted net earnings per share in 2021, given that the shares were repurchased at the end of 2021, but had a full-year accretive impact of at least 4% for the 2022 financial year.

This transaction led the Group to take out a bridging loan of €1.9 billion and issue commercial paper for €2.3 billion, with the balance financed by the cash available at 31 December 2021. These loans were fully repaid in 2022.

Note 3. Operating items – Segment information

Accounting Principles

Net sales

Net sales are recognised when the goods have been transferred to the customer.

Sales incentives, cash discounts and product returns are deducted from net sales, as are incentives granted to distributors or consumers resulting in a cash outflow, such as commercial cooperation, coupons, discounts and loyalty programmes.

Incentives granted to distributors or consumers are recognised as a deduction from sales: the service cannot be separated from the product sales transaction or it is not possible to reasonably estimate the fair value of the cost of the service.

Sales incentives, cash discounts, provisions for returns and incentives granted to customers are recorded simultaneously to the recognition of the sales if they can be estimated in a reasonably reliable manner, based mainly on statistics compiled from past experience and contractual conditions.

Cost of sales

The cost of goods sold consists mainly of the industrial production cost of products sold, the cost of distributing products to customers including freight and delivery costs, either directly or indirectly through depots, inventory impairment costs, and royalties paid to third parties.

Research and innovation expenses

Expenditure during the research phase is charged to the income statement for the financial year during which it is incurred.

Expenses incurred during the innovation phase are recognised as *Intangible assets* only if they meet all the following criteria set out in IAS 38:

- the project is clearly defined and the related costs are separately identified and reliably measured;
- the technical feasibility of the project has been demonstrated;
- the intention and ability to complete the project and to use or sell the products resulting from the project have been demonstrated;
- the resources necessary to complete the project and to use or sell it are available;
- the Group can demonstrate that the project will generate probable future economic benefits, as the existence of a potential market for the production resulting from the project, or its internal usefulness has been demonstrated.

In view of the very large number of innovation projects and uncertainties concerning the decision to launch products relating to these projects, L'Oréal considers that some of these capitalisation criteria are not met.

Advertising and promotion expenses

These expenses consist mainly of expenses relating to the advertisement and promotion of products to customers and consumers. They are charged to the income statement for the financial year in which they are incurred.

Selling, general and administrative expenses

These expenses relate mainly to sales teams and sales team management, marketing teams and administrative services, as well as general expenses and the costs and expenses of free shares.

Operating profit

Operating profit consists of gross profit less research and innovation expenses, advertising and promotion expenses, and selling, general and administrative expenses.

Property, plant and equipment

Property, plant and equipment are recorded on the balance sheet at their purchase price. They are not remeasured.

Assets financed by lease contracts are recognised as assets on the balance sheet under *Right-of-use* assets. The corresponding debt is recognised as a liability under *Lease debt*.

Investment subsidies are recorded as liabilities under *Other current liabilities*.

The components of property, plant and equipment are recorded separately if their estimated useful lives, and therefore their depreciation periods, are materially different.

Property, plant and equipment are depreciated using the straight-line method, over the following useful lives:

Buildings	10-40 years
Industrial machinery and equipment	5-15 years
Point-of-sales advertising: stands and displays	3 years
Other property, plant and equipment	3-10 years

Depreciation and impairment losses are recorded in the income statement according to the use of the asset.

In view of their nature, property, plant and equipment are considered to have a value of zero at the end of the useful lives indicated above.

Leases

All leases are recognised using a single model consisting of recording lease liabilities as liabilities (amount of discounted future payments) and rights of use as assets.

The lease term corresponds to the non-cancellable term of each contract and includes any renewal options that the Group is reasonably certain to exercise, particularly if the estimated useful life of the fittings in which the Group invested initially or during the lifetime of the contract exceeds the initial contractual life. In the case of termination options subject to a short notice period, these options have not been taken into account in the assessment of the lease terms.

The right of use is amortised over the expected lease term. French lease rights are not amortised.

The discount rate used to value the lease liability corresponds to the annual rate for each contract calculated using zero-coupon rates obtained by currency and by maturity tranche, increased by the Group's credit spread.

Deferred taxes are recorded during the initial recognition.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is calculated using the weighted average cost method.

A provision is made for obsolete and slow-moving inventories on the basis of their probable net realisable value, estimated on the basis of historic and projected data.

Trade accounts receivable

Accounts receivable from customers are recorded at their nominal value, which corresponds to their fair value.

The current trade accounts receivable impairment methodology at L'Oréal reflects the level of expected losses on the customer portfolio, calculated on the basis of past statistics from the outset of the receivable. Moreover, this risk is contained thanks to the credit insurance policy applied by the Group.

Except when local conditions do not allow it, the Group has insurance cover for the subsidiaries.

3.1. Segment information

3.1.1. Information by business segment

The Group's business activities are organised into four Divisions. In its markets, each Operational Division develops and enhances a range of its own brand of consumer products:

- the Professional Products Division provides expertise to beauty professionals.

  For over 100 years, this Division has acquired extensive knowledge of, and provided tailored support solutions for, the hairdressing sector. It has built up a unique brand portfolio which currently includes *L'Oréal Professionnel, Kérastase, Redken, Matrix and PureOlogy*;
- the Consumer Products Division's goal is to democratise access to the best that the world of beauty has to offer.

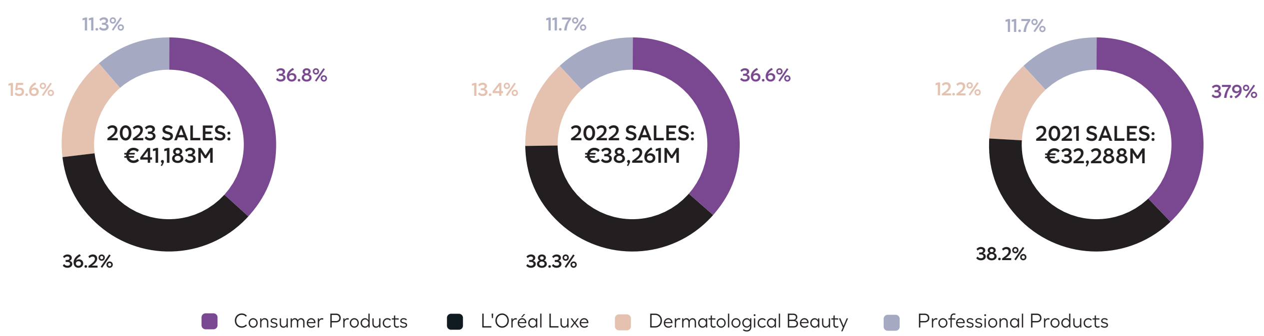
  The Division is underpinned by four major global brands (*L'Oréal Paris, Garnier, Maybelline New York and NYX Professional Makeup*), and by the deployment of its specialised and regional brands (*Stylenanda, Essie, Mixa, etc.*);
- the Luxe Division creates exceptional experiences and products, for the most demanding consumers in selective distribution.
- the Division has built a unique portfolio of prestigious brands including iconic mainstream, aspirational, alternative and specialist brands *(Lancôme, Kiehl's, Giorgio Armani Beauty, Yves Saint Laurent Beauté, Biotherm, Helena Rubinstein, Shu Uemura, IT Cosmetics, Urban Decay, Ralph Lauren, Mugler, Viktor&Rolf, Valentino, Azzaro, Prada, Takami, Aēsop etc.);*
- the Dermatological Beauty Division, whose goal is to help everyone in their quest to have healthy and beautiful skin.

  Its portfolio of highly complementary brands (*La Roche-Posay, Vichy, CeraVe, SkinCeuticals, Skinbetter Science, etc.*) is designed to keep pace with major skincare trends and recommendations of healthcare professionals.

The "non-allocated" item includes expenses incurred by the Functional Divisions, fundamental research and the cost of free shares not allocated to the Divisions. It also includes non-core businesses, such as reinsurance.

The performance of each Division is measured on the basis of operating profit.

WEIGHT OF NET SALES BY DIVISION OVER THE THREE PERIODS



€ millions 2023	Sales	Operating profit	Operational assets[1]	Investments in property, plant and equipment and intangible assets	Depreciation, amortisation and provisions
Professional products	4,653.9	1,005.3	3,704.8	121.7	183.8
Consumer products	15,172.7	3,114.7	11,241.6	523.6	592.2
Luxe	14,924.0	3,331.8	12,584.0	428.6	559.7
Dermatological beauty	6,432.0	1,670.9	4,319.2	90.5	94.3
TOTAL OF DIVISIONS	**41,182.5**	**9,122.7**	**31,849.6**	**1,164.4**	**1,430.0**
Non-allocated		-979.4	1,222.9	341.4	191.2
GROUP	**41,182.5**	**8,143.3**	**33,072.5**	**1,505.8**	**1,621.2**

(1) *Operational assets mainly include goodwill, intangible assets and property, plant and equipment, right-of-use assets, trade accounts receivable and inventories.*

€ millions 2022	Sales	Operating profit	Operational assets[1]	Investments in property, plant and equipment and intangible assets	Depreciation, amortisation and provisions
Professional products	4,476.8	953.6	3,512.0	110.1	161.9
Consumer products	14,021.3	2,774.9	10,969.3	449.1	687.8
Luxe	14,638.1	3,350.4	9,925.2	359.6	518.4
Dermatological beauty	5,124.5	1,303.0	4,049.3	72.2	122.3
TOTAL OF DIVISIONS	**38,260.6**	**8,381.9**	**28,455.8**	**990.9**	**1,490.4**
Non-allocated		-925.1	1,234.8	351.0	210.9
GROUP	**38,260.6**	**7,456.9**	**29,690.5**	**1,341.9**	**1,701.3**

(1) *Operational assets mainly include goodwill, intangible assets and property, plant and equipment, right-of-use assets, trade accounts receivable and inventories.*

€ millions 2021	Sales	Operating profit	Operational assets[1]	Investments in property, plant and equipment and intangible assets	Depreciation, amortisation and provisions
Professional products	3,783.9	806.9	3,251.6	80.3	175.1
Consumer products	12,233.5	2,466.0	10,186.6	370.7	709.1
Luxe	12,346.2	2,816.3	9,532.4	293.3	473.6
Dermatological beauty	3,924.0	990.5	2,957.4	80.1	117.5
TOTAL OF DIVISIONS	**32,287.6**	**7,079.7**	**25,927.9**	**824.4**	**1,475.3**
Non-allocated		-919.4	1,047.7	259.6	215.6
GROUP	**32,287.6**	**6,160.3**	**26,975.7**	**1,084.0**	**1,690.9**

(1) *Operational assets mainly include goodwill, intangible assets and property, plant and equipment, right-of-use assets, trade accounts receivable and inventories.*

Operational assets can be reconciled to the 2023, 2022 and 2021 balance sheets as follows:

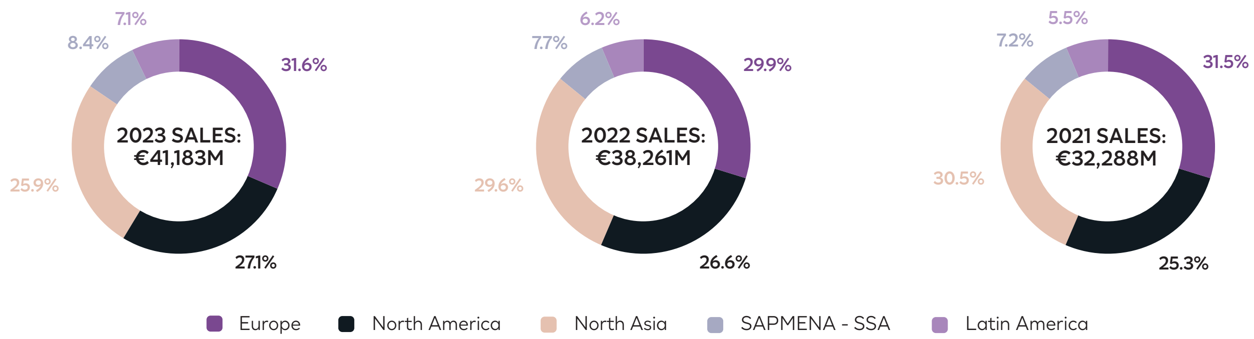
€ millions	2023	2022	2021
Operational assets	**33,072.5**	**29,690.5**	**26,975.7**
Non-current financial assets	11,631.6	11,652.8	10,920.2
Investments accounted for under the equity method	27.0	18.4	9.9
Deferred tax assets	921.2	801.1	696.5
Other current assets	1,914.7	2,063.7	1,697.4
Cash and cash equivalents	4,288.1	2,617.7	2,713.8
Non-allocated assets	**18,782.7**	**17,153.7**	**16,037.7**
TOTAL ASSETS	**51,855.1**	**46,844.2**	**43,013.4**

3.1.2. Information by geographic zone

All information is presented on the basis of geographic location of the subsidiaries.

3.1.2.1. Consolidated net sales by geographic zone

WEIGHT OF NET SALES BY GEOGRAPHIC ZONE OVER THE THREE PERIODS



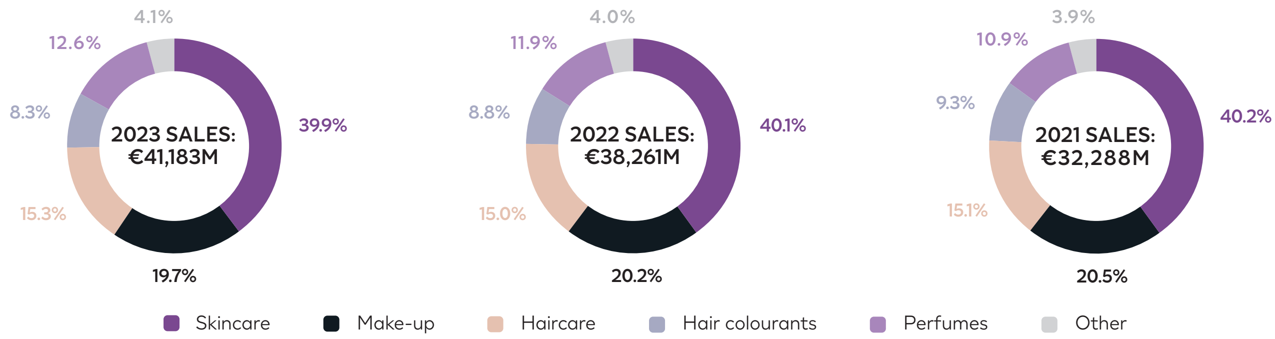
€ millions	2023	Growth (%) Published data	Growth (%) Excluding exchange effect	2022	2021
Europe	13,007.8	13.7%	17.3%	11,436.7	10,184.8
North America	11,147.2	9.7%	13.2%	10,164.0	8,155.9
North Asia	10,662.9	-5.8%	0.1%	11,321.4	9,863.3
Sapmena – SSA	3,447.7	16.4%	24.7%	2,962.4	2,312.0
Latin America	2,916.9	22.8%	31.3%	2,376.2	1,771.5
GROUP	**41,182.5**	**7.6%**	**12.6%**	**38,260.6**	**32,287.6**

3.1.2.2. Breakdown of operational assets and consolidated investments by geographic zone

	2023		2022		2021	
€ millions	Operational assets	Investments in property, plant and equipment and intangible assets	Operational assets	Investments in property, plant and equipment and intangible assets	Operational assets	Investments in property, plant and equipment and intangible assets
Europe	13,621.9	494.2	12,531.6	423.0	11,837.5	375.8
North America	8,571.3	296.0	8,944.7	279.5	7,636.3	208.5
North Asia	3,972.6	194.5	4,132.2	187.6	4,030.1	153.9
Sapmena – SSA	3,829.1	97.9	1,306.1	51.5	1,170.7	52.7
Latin America	1,854.8	81.7	1,541.2	49.2	1,253.4	33.6
Non-allocated	1,222.9	341.4	1,234.9	351.0	1,047.7	259.6
GROUP	**33,072.5**	**1,505.8**	**29,690.5**	**1,341.9**	**26,975.7**	**1,084.0**

3.1.3. Sales by business segment

WEIGHT OF NET SALES BY BUSINESS SEGMENT OVER THE THREE PERIODS



		Growth (%)			
€ millions	**2023**	**Published data**	**Excluding exchange effect**	**2022**	**2021**
Skincare	16,447.1	7.2%	12.5%	15,344.3	12,982.3
Make-up	8,123.7	5.0%	9.6%	7,738.8	6,626.8
Haircare	6,319.6	9.9%	15.0%	5,750.2	4,880.1
Hair colourants	3,425.6	1.9%	6.4%	3,361.6	3,016.1
Perfumes	5,171.3	13.7%	16.9%	4,546.2	3,511.8
Other	1,695.3	11.6%	20.0%	1,519.5	1,270.6
GROUP	**41,182.5**	**7.6%**	**12.6%**	**38,260.6**	**32,287.6**

3.2. Depreciation and amortisation expense and Property, plant and equipment

3.2.1. Depreciation and amortisation expenses

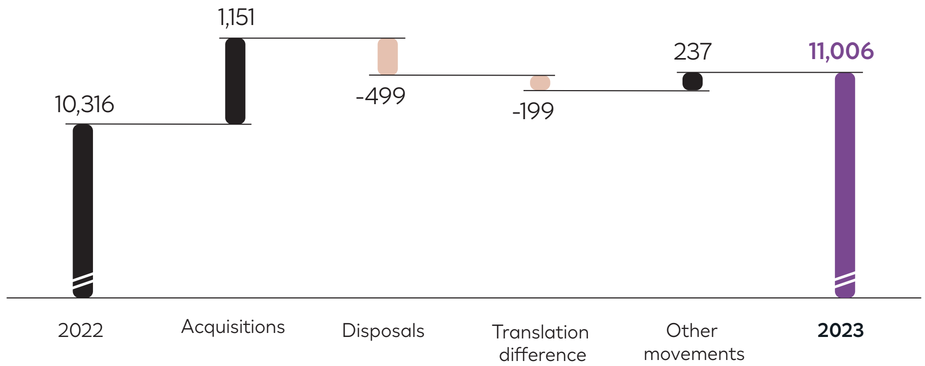
Depreciation and amortisation of property, plant and equipment and intangible assets included in operating expenses amounted to €1,429.7 million, including €426.0 million for right-of-use (IFRS 16), €1,474.2 million, including €428.0 million for right-of-use (IFRS 16) and €1,459.1 million, including €405.6 million for right-of-use (IFRS 16) respectively, for 2023, 2022 and 2021.

3.2.2. Property, plant and equipment

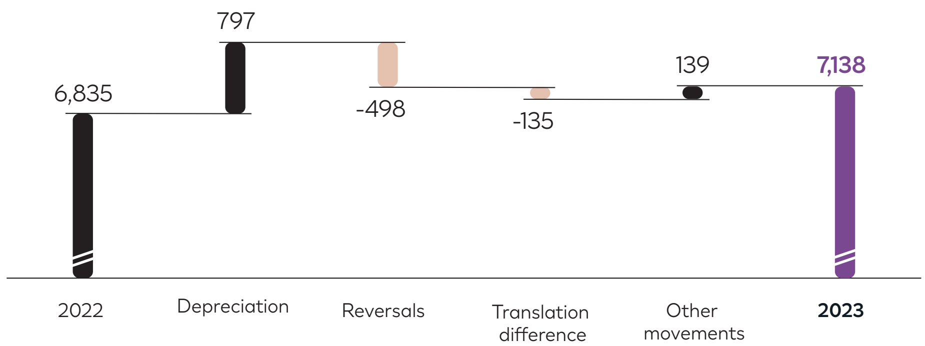
€ millions **2023**	**31.12.2022**	**Acquisitions/ depreciation**	**Disposals/ reversals**	**Translation difference**	**Other movements[1]**	**31.12.2023**
Land and buildings	2,489.1	101.3	-51.3	-37.2	160.5	2,662.4
Machinery and equipment	3,914.9	176.9	-108.6	-51.2	168.4	4,100.5
Point-of-sales advertising: stands and displays	1,630.5	313.7	-210.8	-53.5	89.2	1,769.1
Other property, plant and equipment and fixed asset in progress	2,281.6	558.8	-128.5	-57.0	-181.2	2,473.7
Gross value	**10,316.2**	**1,150.6**	**-499.2**	**-198.8**	**237.0**	**11,005.8**
Land and buildings	1,352.7	82.5	-51.1	-19.7	0.8	1,365.2
Machinery and equipment	2,972.0	268.4	-108.3	-39.4	16.0	3,108.7
Point-of-sales advertising: stands and displays	1,246.5	277.2	-210.9	-41.3	40.3	1,311.9
Other property, plant and equipment	1,263.2	169.3	-127.8	-34.3	82.0	1,352.3
Depreciation and provisions	**6,834.5**	**797.3**	**-498.1**	**-134.7**	**139.1**	**7,138.1**
PROPERTY, PLANT AND EQUIPMENT – NET	**3,481.7**	**353.3**	**-1.2**	**-64.0**	**97.9**	**3,867.7**

(1) *These mainly include the effect of changes in the scope of consolidation for €52.5 million (including €63.6 million for Aēsop and -€11.1 million linked to disposals), the impacts of hyperinflation for €44.3 million and tangible assets in progress allocated to other fixed assets.*

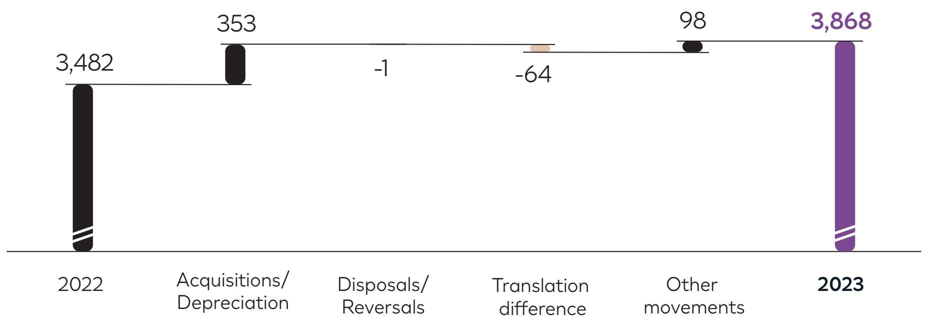
CHANGE IN GROSS FIXED ASSETS
(€ millions)



CHANGE IN DEPRECIATION, AMORTISATION AND PROVISIONS
(€ millions)



NET PROPERTY, PLANT AND EQUIPMENT
(€ millions)



€ millions 2022	31.12.2021	Acquisitions/ depreciation	Disposals/ reversals	Translation difference	Other movements(1)	31.12.2022
Land and buildings	2,383.3	73.3	-20.5	10.2	42.8	2,489.1
Machinery and equipment	3,733.7	145.9	-95.2	43.8	86.7	3,914.9
Point-of-sales advertising: stands and displays	1,927.1	265.2	-625.8	36.2	27.8	1,630.5
Other property, plant and equipment and fixed assets in progress	1,976.9	518.4	-102.8	28.7	-139.5	2,281.6
Gross value	**10,020.9**	**1,002.7**	**-844.2**	**119.0**	**17.8**	**10,316.2**
Land and buildings	1,292.0	81.1	-20.3	6.9	-7.0	1,352.7
Machinery and equipment	2,783.2	271.8	-95.0	29.7	-17.8	2,972.0
Point-of-sales advertising: stands and displays	1,547.2	295.4	-628.0	29.9	2.0	1,246.5
Other property, plant and equipment	1,132.4	177.9	-99.2	19.0	33.2	1,263.2
Depreciation and provisions	**6,754.7**	**826.3**	**-842.5**	**85.5**	**10.4**	**6,834.5**
PROPERTY, PLANT AND EQUIPMENT – NET	**3,266.2**	**176.4**	**-1.7**	**33.5**	**7.4**	**3,481.7**

(1) These mainly include the effect of changes in the scope of consolidation and tangible assets in progress allocated to other fixed assets.

€ millions 2021	31.12.2020	Acquisitions/ depreciation	Disposals/ reversals	Translation difference	Other movements(1)	31.12.2021
Land and buildings	2,334.7	42.2	-75.3	52.8	29.0	2,383.3
Machinery and equipment	3,639.7	133.8	-204.8	101.5	63.5	3,733.7
Point-of-sales advertising: stands and displays	2,096.4	203.8	-506.0	90.1	42.8	1,927.1
Other property, plant and equipment and fixed assets in progress	1,846.8	366.4	-142.2	77.0	-171.0	1,976.9
Gross value	**9,917.6**	**746.2**	**-928.3**	**321.4**	**-35.7**	**10,020.9**
Land and buildings	1,251.2	89.9	-69.0	28.0	-8.1	1,292.0
Machinery and equipment	2,700.6	237.4	-203.3	75.0	-26.5	2,783.2
Point-of-sales advertising: stands and displays	1,664.9	317.9	-505.5	69.7	0.2	1,547.2
Other property, plant and equipment	1,075.7	144.2	-140.1	47.1	5.5	1,132.4
Depreciation and provisions	**6,692.4**	**789.4**	**-917.9**	**219.8**	**-28.9**	**6,754.7**
PROPERTY, PLANT AND EQUIPMENT – NET	**3,225.2**	**-43.2**	**-10.4**	**101.6**	**-6.8**	**3,266.2**

(1) These mainly include the effect of changes in the scope of consolidation and tangible assets in progress allocated to other fixed assets.

3.2.3. Leases

3.2.3.1. Right-of-use assets

Right-of-use assets break down by type of underlying asset, as follows:

€ millions	31.12.2023 Net(1)	Depreciation and impairment losses(2) 2023	31.12.2022 Net	31.12.2021 Net
Buildings	1,095.9	294.3	1,116.4	1,124.6
Stores	481.0	123.5	273.5	294.1
Others	115.5	12.7	92.9	88.8
RIGHT-OF-USE ASSETS	**1,692.4**	**430.5**	**1,482.7**	**1,507.6**

(1) Of which €690.1 million in right-of-use entries in gross value (including €228.1 million for Aēsop).
(2) Of which €426.0 million in depreciation for the period.

3.2.3.2. Lease debt

Lease debt break down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Lease debt due in more than 5 years	406.3	360.5	313.8
Lease debt due in between 1 and 5 years	987.9	853.0	933.7
Lease debt due in less than 1 year	459.8	407.0	422.8
LEASE DEBT	**1,854.0**	**1,620.5**	**1,670.3**

3.3. Inventories, Trade accounts receivable and Other current assets

3.3.1. Inventories

€ millions	31.12.2023	31.12.2022	31.12.2021
Finished products and consumables	3,826.9	3,375.5	2,770.3
Raw materials, packaging and semi-finished products	1,156.1	1,178.1	838.6
Gross value	**4,983.0**	**4,553.6**	**3,608.9**
Valuation allowance	500.6	474.2	442.1
INVENTORIES – NET	**4,482.4**	**4,079.4**	**3,166.9**

3.3.2. Trade accounts receivable

€ millions	31.12.2023	31.12.2022	31.12.2021
Gross value	5,125.5	4,792.3	4,069.7
Valuation allowance	32.8	36.8	48.7
NET VALUE	**5,092.7**	**4,755.5**	**4,021.0**

Trade accounts receivable are due within one year. The impairment of trade accounts receivable reflects the level of expected losses on the customer portfolio from the outset of the receivable. Moreover, except when local conditions do not allow it, the Group has insurance cover for the subsidiaries.

The non-collection risk on trade accounts receivables is therefore minimised, and this is reflected in the level of the allowance, which remains less than 1% of gross receivables at the end of 2023.

3.3.3. Other current assets

€ millions	31.12.2023	31.12.2022	31.12.2021
Tax and employee-related receivables (excluding income tax)	864.4	831.6	707.9
Prepaid expenses	655.8	617.3	503.6
Derivatives	177.7	260.9	67.6
Current financial assets	33.1	23.1	4.8
Other current assets(1)	539.6	690.2	753.9
TOTAL	**2,270.6**	**2,423.2**	**2,037.9**

(1) *These mainly include year-end rebates for €186.0 million and advances and down-payments on purchase orders for €206.4 million.*

3.4. Other current liabilities

€ millions	31.12.2023	31.12.2022	31.12.2021
Tax and employee-related payables (excluding income tax)	2,176.5	1,853.2	1,628.3
Credit balances on trade receivables	1,801.7	1,651.2	1,326.4
Fixed assets payables	290.1	418.0	386.6
Derivatives	127.1	170.6	240.4
Other current liabilities(1)	420.7	391.5	399.1
TOTAL	**4,816.1**	**4,484.6**	**3,980.8**

(1) These mainly include prepaid income for €173.5 million and other miscellaneous payables for €163.8 million.

3.5. Changes in working capital

This caption is broken down as follows:

€ millions	2023	2022	2021
Inventories	-438.3	-865.4	-373.3
Trade accounts receivable	-427.3	-717.6	-407.1
Trade accounts payable	138.7	247.9	1,086.8
Other receivables and payables	331.9	323.8	-218.5
TOTAL	**-394.9**	**-1,011.3**	**88.0**

Note 4. Other operational income and expenses

Accounting principles

Other income and expenses

The Other income and expenses item includes capital gains and losses on disposals of property, plant and equipment and intangible assets, impairment of assets, restructuring costs, and clearly identified, non-recurring income and expense items that are material to the consolidated financial statements.

The cost of restructuring operations is fully provisioned if it results from a group obligation towards a third party originating from a decision taken by a competent body which is announced to the third parties concerned before the end of the reporting period.

This cost consists mainly of severance payments, early retirement payments, the cost of unworked notice periods, the costs of training for employees affected by the restructuring measures, and other costs relating to site closures. Any write-offs of fixed assets or impairment charged against inventories and other assets related directly to these restructuring measures are also recorded as restructuring costs.

Operational profit

Operational profit is calculated based on operating profit and includes other income and expenses such as capital gains and losses on disposals of property, plant, and equipment and intangible assets, impairment of assets, and restructuring costs.

This item breaks down as follows:

€ millions	2023	2022	2021
Capital gains and losses on disposals of property, plant and equipment and intangible assets(1)	-6.7	-7.4	-0.4
Impairment of property, plant and equipment and intangible assets(2)	-270.6	-39.0	-337.5
Restructuring costs(3)	-88.5	-172.6	-149.6
Other(4)	-84.1	-22.5	55.5
TOTAL	**-449.9**	**-241.5**	**-432.0**

(1) Including:
-in 2023, the residual impact of the sale of Logocos in Germany (-€5 million);
-in 2022, mainly the capital loss (-€8.8 million) on the assets disposal of Dermablend in the United States.

(2) Including:
-in 2023, the impairment of the goodwill of IT Cosmetics (€250 million) and that of the brand Decléor(€20 million);
-in 2022, the impairment of the brand Decléor (-€39 million);
-in 2021, the goodwill of IT Cosmetics (-€254,7 million) and the brand Magic (-€82,8 million).

(3) Including:
-in 2023, the restructuring of the organisation and distribution of the Consumer Products and Professional Products Divisions in Europe (€39 million), the strategic reorganisation of legal entities in France (€17 million), the recognition following French pension reforms of additional charges on advanced leave provisions from previous restructuring (€7 million) and additional impairment concerning the right to use in Brazil (€9 million);
-in 2022, mainly the loss resulting from the sale of Logocos for €114.6 million following the signing of an agreement on 2 December 2022 (this project should be completed by March 2023), the continued restructuring of the sales forces in the Consumer Products Division in Europe (€14.5 million) and the reorganisation of the operational structures in Europe and Sapmena (€23.1 million);
-in 2021, the ongoing restructuring of the organisation and distribution of the Luxe and Professional Divisions in Europe (€60.8 million), the reorganisation of the Consumer Products Division's sales forces in North Asia (€29 million), the restructuring of an industrial activity in Eastern Europe (€10 million), the restructuring of production in Germany (€18.2 million) and the reorganisation of Urban Decay's distribution structures in 17 countries (€9.2 million).

(4) Including:
-in 2023, corporate philanthropy donations (€29 million) and acquisition costs (€46 million);
-in 2022, corporate philanthropy donations (€25.3 million), exceptional costs associated with the conflict in Ukraine (€18.4 million), partially offset by the downward revaluation of earn-out liabilities (€21.2 million);
-in 2021, the reversal of a provision for disputes related to intellectual property (€45.6 million), the write-down of Earn-out Style Nanda and Atelier Cologne earn-out debts (€44.2 million), partially offset by charitable donations (€16 million) and acquisition costs (€14.3 million).

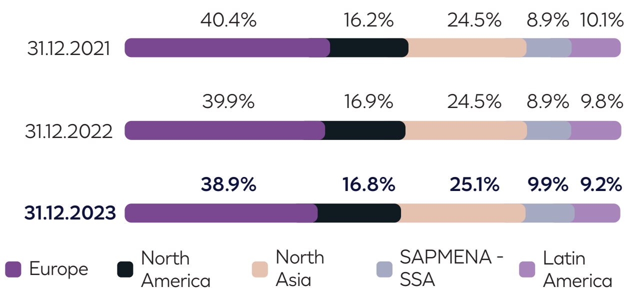
Note 5. Number of employees, personnel costs and employee benefits

5.1. Number of employees

	31.12.2023	31.12.2022	31.12.2021
Europe	36,839	34,856	34,503
North America	15,931	14,788	13,806
North Asia	23,783	21,387	20,900
SAPMENA – S SA	9,339	7,797	7,609
Latin America	8,713	8,541	8,594
TOTAL[1]	**94,605**	**87,369**	**85,412**

(1) *Excluding employees of equity-accounted companies and including 4,242 Aēsop employees.*

NUMBER OF EMPLOYEES BY GEOGRAPHIC ZONE



5.2. Personnel costs

€ millions	2023	2022	2021
Personnel costs (including welfare contributions)[1]	**7,796.0**	**7,263.7**	**6,471.1**

(1) *Excluding employees of equity-accounted companies.*

Personnel costs include pension expenses (excluding interest components), the cost of any share-based payments (stock options and free shares), and payroll taxes.

5.3. Executive compensation

Costs recorded in respect of compensation and similar benefits granted to the Management Committee and the Board of Directors can be analysed as follows:

€ millions	2023	2022	2021
Directors' fees	1.4	1.3	1.4
Salaries and benefits including employer welfare contributions	43.2	40.4	40.5
Employee retirement obligation charges	4.7	10.2	11.2
SHARE-BASED PAYMENT (STOCK OPTIONS AND FREE SHARES)	**31.2**	**28.9**	**27.2**

The number of executives who were members of the Management Committee was 20 at 31 December 2023 compared with 20 at 31 December 2022 and 19 at 31 December 2021.

5.4. Post-employment benefits, termination benefits and other long-term employee benefits

Accounting principles

The Group operates pension, early retirement and other employee benefit schemes depending on local legislation and regulations.

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

The characteristics of the defined benefit schemes in force within the Group are as follows:

- French regulations provide for specific length-of-service awards payable to employees on retirement. An early retirement plan and a defined benefit plan have also been set up. In some Group companies there are also measures providing for the payment of certain healthcare costs for retired employees. These obligations are partially funded by an external fund, except those relating to healthcare costs for retired employees;
- for foreign subsidiaries with employee retirement schemes or other specific obligations relating to defined benefit plans, the excess of the projected benefit obligation over the scheme's assets is also recognised by setting up a provision for charges on the basis of the actuarial value of employees' vested rights.

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

- additional rights vested by employees during the accounting period;
- the impact of any change to existing schemes on previous years or of any new schemes;
- the change in the value of the discounted rights over the past year;
- income on external funds calculated on the basis of the discount rate applied to the benefit obligation.

The latter two items represent the interest component of the pension costs. The interest component is shown within Net financial income on the Other financial income and expenses item.

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

The Group applies a simplified granular approach to calculate its service cost for the period. Under this simplified approach, two different discount rates are used to calculate the obligation and the service cost based on the duration of the future cash flows relating to each of these items. Financial costs are calculated by applying the discount rate used for the obligation to plan assets and by applying the differential interest rate to service cost for the period.

Actuarial gains and losses arising on post-employment defined benefit obligations are recognised in equity.

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

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

The actuarial assumptions used to calculate these obligations take into account the economic conditions specific to each country or Group company. The main weighted average assumptions for the Group are as follows:

In %	31.12.2023	31.12.2022	31.12.2021
Discount rate (commitment)	3.9%	4.2%	1.6%
Discount rate (service cost) *	4.1%	4.2%	1.8%
Salary increases	3.9%	3.7%	3.6%

* *Used for the services cost for the following financial year.*

	31.12.2023			31.12.2022			31.12.2021		
	Initial rate	Final rate	Application of final rate	Initial rate	Final rate	Application of final rate	Initial rate	Final rate	Application of final rate
Expected rate of health care inflation	5.6%	4.1%	2031	5.4%	4.3%	2027	5.3%	4.2%	2027

The discount rates are obtained by reference to market yields on high quality corporate bonds having term dates equivalent to those of the obligations.

Bond quality is assessed by reference to the AA-/Aa3 minimum rating provided by one of the three main credit-rating agencies.

Discount rates can be broken down by geographic zone as follows:

In %	2023	2022	2021
Weighted average (all countries) based on the benefit obligation	**3.9%**	**4.2%**	**1.6%**
Of which:			
Euro zone			
Discount rate (commitment)(1)	3.3%	3.7%	1.0%
Discount rate (service cost) *	3.4%	3.7%	1.1%
U SA			
Discount rate (commitment)	4.8%	5.0%	2.5%
Discount rate (service cost) *	5.0%	5.3%	2.8%
United Kingdom			
Discount rate (commitment)	4.5%	4.8%	2.0%
Discount rate (service cost) *	4.5%	4.8%	2.0%

(1) *The weighted average for 2023 consists of a 3.35% discount rate on annuity plans with an average term of 16.62 years and a 3.3% discount rate on capital plans with an average term of 10.72 years.*

* *Used for the service cost for the following financial year.*

A 50 basis point decrease in the discount rates would increase the projected defined benefit obligations by €151.2 million for the euro zone, €53.2 million for the United States and €31.8 million for the United Kingdom.

The expected returns on plan assets are based on the discount rates used.

The breakdown of plan assets is as follows:

In %	31.12.2023	31.12.2022	31.12.2021
Equity securities(1)	28.2%	34.0%	36.6%
Bonds	61.2%	51.5%	54.1%
Property assets(2)	4.7%	5.9%	4.3%
Monetary instruments	0.9%	3.4%	3.3%
Other	5.0%	5.2%	1.7%
TOTAL	**100%**	**100%**	**100%**

(1) *Of which L'Oréal shares: none.*
(2) *Of which property assets occupied by Group entities: none.*

The allocation of plan assets has to comply with specific investment limits for the different classes of assets and meet minimum rating criteria for monetary instruments and bonds.

Fluctuations during 2023, 2022 and 2021 are set out below:

€ millions	Present value of defined benefit obligation	Plan assets	Net commitment
Balance at 31 December 2020	**5,318.4**	**-4,305.0**	**1,013.5**
Service cost during the period	221.9	—	221.9
Interest cost	60.5	—	60.5
Expected return on assets	—	-50.4	-50.4
Past service cost: new plans/plan amendments	-10.0	—	-10.0
Curtailments	-16.7	—	-16.7
Settlements	1.1	—	1.1
Benefits paid	-221.6	174.7	-46.9
Contributions paid	6.4	-101.1	-94.6
Actuarial gains and losses	-329.9	-255.2	-585.2
Translation differences	159.0	-151.4	7.5
Other movements	-141.9	1.8	-140.0
Balance at 31 December 2021	**5,047.2**	**-4,686.6**	**360.6**
Service cost during the period	236.0	—	236.0
Interest cost	86.6	—	86.6
Expected return on assets	—	-80.1	-80.1
Past service cost: new plans/plan amendments	-0.8	—	-0.8
Curtailments	-15.1	—	-15.1
Settlements	0.3	—	0.3
Benefits paid	-238.6	180.0	-58.7
Contributions paid	7.3	-98.7	-91.3
Actuarial gains and losses	-1,431.6	1,036.1	-395.5
Translation differences	49.0	-33.1	16.0
Other movements(1)	-3.8	3.7	-0.1
Balance at 31 December 2022	**3,736.5**	**-3,678.7**	**57.9**
Service cost during the period	190.5	—	190.5
Interest cost	149.3	—	149.3
Expected return on assets	—	-147.0	-147.0
Past service cost: new plans/plan amendments	0.2	—	0.2
Curtailments	-12.3	—	-12.3
Settlements	-1.6	0.2	-1.4
Benefits paid	-216.7	158.0	-58.7
Contributions paid	5.7	-60.4	-54.7
Actuarial gains and losses	239.8	-120.4	119.3
Translation differences	-33.0	21.5	-11.4
Other movements	-0.3	1.2	0.9
BALANCE AT 31 DECEMBER 2023	**4,058.1**	**-3,825.6**	**232.6**

(1) Including -€137.4 million pertaining to the IFRIC 2021 interpretation on IAS 19 "Employee Benefits" on Attributing Benefit to Periods of Service.

The net commitment breaks down as follows:

€ millions	2023	2022	2021
Net commitment	**232.6**	**57.9**	**360.6**
Surplus funds for pension scheme commitments held in assets	-329.4	-400.0	—
Provision in the balance sheet	562.0	457.9	360.6

The total present value of defined benefit obligations breaks down as follows between wholly or partly funded plans and wholly unfunded plans:

€ millions	31.12.2023	31.12.2022	31.12.2021
Present value of defined benefit obligations wholly or partly funded	3,612.3	3,325.7	4,635.0
Fair value of plan assets	3,825.6	3,678.7	4,686.6
Net position of defined benefit obligations wholly or partly funded	-213.3	-352.9	-51.6
Present value of defined benefit obligations wholly unfunded	445.8	410.8	412.2

The retirement expense charged to the income statement is recorded within personnel expenses for the operating part and within financial costs for the financial part and can be analysed as follows:

€ millions	2023	2022	2021
Service cost during the financial year	190.5	236.0	221.9
Interest costs	149.3	86.6	60.5
Expected return on assets	-147.0	-80.1	-50.4
New plans/plan amendments	0.2	-0.8	-10.0
Curtailments	-12.3	-15.1	-16.7
Settlements	-1.4	0.3	1.1
TOTAL	**179.2**	**226.9**	**206.4**

Contributions to defined contribution schemes recognised as an expense for 2023, 2022 and 2021 amounted to €680.7 million, €670.6 million and €559.3 million, respectively.

A change of 1% point in medical cost inflation would have the following impact:

€ millions	Increase of 1%	Decrease of 1%
Impact on projected benefit obligation	4.60	-3.91
Impact on current service cost and interest costs	1.12	-1.01

Actuarial gains and losses for the periods presented are as follows:

€ millions 2023	Present value of defined benefit obligation	Plan assets	Net provisions
Actuarial gains and losses: experience adjustments	44.1	-120.4	-76.3
Actuarial gains and losses: demographic assumptions	-12.9	—	-12.9
Actuarial gains and losses: financial assumptions	208.6	—	208.6
TOTAL	**239.8**	**-120.4**	**119.3**

€ millions 2022	Present value of defined benefit obligation	Plan assets	Net provisions
Actuarial gains and losses: experience adjustments	100.3	1,036.1	1,192.0
Actuarial gains and losses: demographic assumptions	-1.5	—	-1.5
Actuarial gains and losses: financial assumptions	-1,530.4	—	-1,586.1
TOTAL	**-1,431.6**	**1,036.1**	**-395.5**

€ millions 2021	Present value of defined benefit obligation	Plan assets	Net provisions
Actuarial gains and losses: experience adjustments	31.5	-255.2	-223.7
Actuarial gains and losses: demographic assumptions	23.2	—	23.2
Actuarial gains and losses: financial assumptions	-384.6	—	-384.6
TOTAL	**-329.9**	**-255.2**	**-585.1**

5.5. Share subscription or purchase options – Free shares

Accounting principles

In accordance with the requirements of IFRS 2 "Share-based Payment", the value of options or free shares granted as calculated at the grant date is expensed in the income statement over the vesting period, which is generally five years for purchase options and four years for free shares.

The fair value of free shares corresponds to the value of the share at the grant date, less dividends expected to be paid during the vesting period.

The impact of IFRS 2 on profit for the period is booked on the Selling, general and administrative expenses item of the income statement at Group level, and is not allocated to the Divisions or geographic zones.

a) Share subscription or purchase options

There is no option plans in force at 31 December 2023.

Data concerning all share option plans during financial years 2023, 2022 and 2021 are set out below:

	31.12.2023		31.12.2022		31.12.2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Number of options not exercised at beginning of period	—		—		57,397	€83.19
Options granted					—	
Options exercised					-52,397	€83.19
Options expired					-5,000	
Number of options not exercised at end of period	—		—		—	
Of which:						
• number of exercisable options at end of period						
• expired options at end of period						
Weighted average share price						€364.74

b) Free shares

The table below summarises the data on free share plans vesting after 1 January 2021.

Grant date	Vesting date	Number of shares granted	Number of shares issued/allotted	Number of shares not finally vested
STOCK SUBSCRIPTION PLANS				
20.04.2017	21.04.2021	906,000	742,276	—
17.04.2018	18.04.2022	931,000	868,575	—
18.04.2019	19.04.2023	843,075	776,975	—
14.10.2020	15.10.2024	713,660	385	673,530
07.10.2021	08.10.2025	588,750	105	570,685
13.10.2022	14.10.2026	700,000	—	699,375
12.10.2023	13.10.2027	650,580	—	650,580

For the conditional grant of shares, the plan provides for a four-year vesting period after which vesting is effective and final, subject to meeting the conditions of the plan.

The performance conditions apply to the 7 October 2021 and 14 October 2020 plans:

- for 50% of shares granted, the growth in comparable Cosmetics sales in relation to growth in net sales for a panel of competitors:
  - 2022, 2023 and 2024 financial years under the 2021 plan,
  - 2021, 2022 and 2023 financial years under the 2020 plan;
- for 50% of shares granted, the increase over the same period in the Group's consolidated operating profit for the 7 October 2021. and

The calculation will be based on the mean of the performance in the:

- 2022, 2023 and 2024 financial years under the 2021 plan;
- 2021, 2022 and 2023 financial years under the 2020 plan.

and will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

For the 12 October 2023 and 13 October 2022 plans, the performance conditions comprise the following:

- 80% based on financial performance criteria, split evenly between:
  - growth – compared with that of a panel of competitors – in comparable cosmetics sales:
    - 2024, 2025 and 2026 financial years under the 2023 plan,
    - 2023, 2024 and 2025 financial years under the 2022 plan,
  - the increase over the same period in the Group's consolidated operating profit. The calculation will be made on the basis of the arithmetic average of the performances for:
    - 2024, 2025 and 2026 financial years under the 2023 plan,
    - 2023, 2024 and 2025 financial years under the 2022 plan;
- 20% based on non-financial performance criteria, of which:
  - 15% is associated with the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme,
  - 5% is associated with the gender balance within strategic positions, including the Executive Committee.

No performance condition applies below a block of 100 shares.

The plans of 20 April 2017, 17 April 2018 and 18 April 2019 were finally granted by the allocation of, respectively, 742,276 shares on 21 April 2021, 868,225 shares on 19 April 2022 and 776,525 shares on 19 April 2023. The number of fully vested shares for 18 April 2019 plan took into account the performance percentage achieved at the end of the plan.

At 31 December 2023, the performance conditions for plans in progress were deemed achieved.

The fair value of free shares is determined using the following assumptions:

	Stock subscription plans						
Grant date	**April 2017**	**April 2018**	**April 2019**	**October 2020**	**October 2021**	**October 2022**	**October 2023**
Risk-free rate of return	-0.35%	-0.28%	-0.25%	-0.53%	-0.60%	2.24%	3.07%
Discount for post-vesting transfer restrictions for French employees	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Expected dividends	1.82%	1.85%	1.58%	1.34%	1.11%	1.46%	1.50%
Share price	€181.75	€191.85	€243.80	€288.00	€360.00	€327.80	€399.90
Fair value							
• employees resident in France	€166.90	€176.17	€226.25	€269.37	€339.34	€303.33	€371.96
• employees not resident in France	€166.90	€176.17	€226.25	€269.37	€339.34	€303.33	€371.96

The expense recorded in 2023, 2022 and 2021 amounted to €164.5 million, €155.3 million and €152.3 million, respectively.

c) Capital increase reserved for employees

In June 2022, Group employees had the opportunity to join a Shareholding Plan based on a traditional format with discount and matching contribution.

The subscription price was set at €254.9, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chief Executive Officer setting the subscription period from 8 June to 22 June 2022 during which 410,943 shares were subscribed. This number does not include the subscription reserved for a Trustee under the laws of England and Wales, as part of a Share Incentive Plan established for Group employees in the UK, for which the number of shares was finalised in October 2023 and amounted to 3,376 shares.

For French employees, free shares were offered upon subscription in proportion to their personal contribution to the plan with a maximum of 4 shares offered for 10 shares subscribed.

For employees in other countries, shares were offered under a free share plan with a continued employment condition for the employee and proportionate to how much the employee contributes to the plan, with a maximum of 4 shares offered for 10 shares subscribed. The shares will be allocated to employees on 26 July 2027 provided they are still with the Group on that date.

The IFRS 2 expense measuring the benefit offered to employees is calculated with reference to the fair value of the discount offered on the non-transferable shares.

The capital was increased on 26 July 2022 by 448,267 shares and on 12 October 2023 by 4,643, including matching shares.

The total IFRS 2 expense for free shares granted for the 2022 plan amounted to:

- €9.5 million for French employees based on a subscription price of €254.9 per share; and
- €12.2 million for employees outside of France.

This cost is amortised over the vesting period and corresponds to the share reference value adjusted for the expected dividends over the vesting period, namely €286.36 per share.

The IFRS 2 expense for free shares recognised for the 2023 financial year amounted to €4 million and corresponds to 2018, 2020 and 2022 plans.

The IFRS 2 expense amounted respectively to €2.8 million and €13.7 million in 2021 and 2022.

Grant date	Vesting date France	Vesting date international	Number of shares granted	Number of shares issued/allotted	Number of shares not fully vested
18.06.2018	18.06.2018	19.06.2023	498,974	490,740.0	—
02.10.2020	02.10.2020	03.10.2025	496,991	456,695.0	35,554
22.06.2022	22.06.2022	23.06.2027	494,073	451,643.0	41,057

Note 6. Income tax

Accounting principles

The income tax charge includes the current tax expense payable by each consolidated tax entity and the deferred tax expense. Deferred tax is calculated whenever there are temporary differences between the tax basis of assets and liabilities and their basis for consolidated accounting purposes, using the balance sheet liability method.

The restatement of assets and liabilities relating to lease contracts results in the booking of deferred tax.

Deferred tax includes irrecoverable taxation on estimated or confirmed dividends.

Deferred tax is measured using the tax rate enacted at the closing date and which will also apply when the temporary differences reverse.

Deferred tax assets generated by tax loss carryforwards are only recognised to the extent it is probable that the entities will be able to generate taxable profit against which they can be utilised.

Under the French system of tax consolidation, the taxable profits of some French companies are offset when determining the overall tax charge, which is payable only by L'Oréal, the parent company of the tax Group. Tax consolidation systems also exist outside France.

Uncertain tax positions are recorded in the balance sheet under *Non-current tax liabilities*. These correspond to an estimate of tax risks and litigation related to income tax for the various countries in which the Group operates.

6.1. Detailed breakdown of income tax

€ millions	2023	2022	2021
Current tax	1,905.9	1,995.9	1,361.7
Deferred tax	-95.3	-96.5	83.6
INCOME TAX	**1,810.6**	**1,899.4**	**1,445.4**

6.2. Analysis of tax charge

The income tax charge may be analysed as follows:

€ millions	2023	2022	2021
Profit from continuing operations before tax and associates	**8,001.0**	**7,610.6**	**6,046.9**
Theoretical tax rate	24.50%	24.36%	24.72%
Expected tax charge	**1,960.4**	**1,853.9**	**1,494.8**
Impact of permanent differences	62.0	102.7	17.3
Impact of tax rate differences	-160.3	-154.0	-74.3
Change in unrecognised deferred taxes	4.2	4.1	3.5
Effect of non-current tax liabilities	11.7	17.3	-11.9
Other[1]	-67.4	75.4	16.0
GROUP TAX CHARGE	**1,810.6**	**1,899.4**	**1,445.4**

(1) *Including tax credits and taxes on dividend distributions.*

The expected tax charge reflects the sum of pre-tax profit for each country, multiplied by the normal taxation rate. The theoretical tax rate reflects the total expected tax charge as a percentage of pre-tax profit.

The impact of any reduced tax rates existing in certain countries in addition to the normal tax rates is included on the line Impact of *tax rate differences*.

6.3. Deferred taxes in the balance sheet

The net change in deferred taxes (assets and liabilities) can be analysed as follows:

€ millions	
Balance of deferred tax assets at 31 December 2020	**809.9**
Balance of deferred tax liabilities at 31 December 2020	**-706.6**
Income statement impact	-83.6
Translation differences	-7.4
Other effects[1]	-126.0
Balance of deferred tax assets at 31 December 2021	**696.5**
Balance of deferred tax liabilities at 31 December 2021	**-810.3**
Income statement impact	96.5
Translation differences	-17.0
Other effects[1]	-70.3
Balance of deferred tax assets at 31 December 2022	**801.1**
Balance of deferred tax liabilities at 31 December 2022	**-905.6**
Income statement impact	95.3
Translation differences	-20.3
Other effects[1]	104.2
BALANCE OF DEFERRED TAX ASSETS AT 31 DECEMBER 2023	**921.3**
BALANCE OF DEFERRED TAX LIABILITIES AT 31 DECEMBER 2023	**-846.6**

(1) *Including mainly the deferred tax impact of currency hedging instruments recognised in equity, as well as the tax effect on actuarial gains and losses recognised in equity and the deferred tax effect of the acquisition of Aēsop.*

Deferred tax assets and liabilities recorded in the balance sheet may be broken down as follows:

	31.12.2023		31.12.2022		31.12.2021	
€ millions	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Temporary differences	899.2	530.8	777.7	589.5	672.3	498.8
Deferred tax liabilities on revaluation of Sanofi		315.8		316.1		311.5
Tax credits and tax loss carry-forwards	22.1		23.4		24.2	
DEFERRED TAX TOTAL	**921.3**	**846.6**	**801.1**	**905.6**	**696.5**	**810.3**

Deferred tax assets on temporary differences mainly relate to provisions for pensions and early retirement (€73.2 million, €20.9 million and €93.6 million respectively at the end of 2023, 2022 and 2021) and provisions for liabilities and charges (€194.5 million, €192.7 million and €115.9 million at the end of 2023, 2022 and 2021) and intra-group margin included in inventories (€273.6 million, €235.8 million and €192.2 million respectively at the end of 2023, 2022 and 2021).

Deferred tax liabilities on temporary differences mainly include intangible assets acquired under business combinations other than non-tax-deductible goodwill.

Deferred tax assets whose recovery is not considered probable are not recorded in the financial statements; such assets amount to €16.3 million at 31 December 2023 compared with €20.4 million at 31 December 2022 and €16.4 million at 31 December 2021.

Note 7. Intangible assets

7.1. Goodwill

Accounting principles

Business combinations are accounted for by the purchase method. The assets, liabilities and contingent liabilities of the Company acquired are measured at fair value at the acquisition date. Any valuation differences identified when the acquisition is carried out are recorded under the corresponding asset and liability items.

Any residual difference between the cost of an acquisition and the Group's interest in the fair value of the identified assets and liabilities is recorded as Goodwill and allocated to the Cash Generating Units expected to benefit from the acquisition or the related synergies.

Goodwill generated on the acquisition of an associate is presented in the Investments in associates item.

For business combinations carried out after 1 January 2010, the main changes with regard to previously applicable accounting principles are set out below:

- for each acquisition, the Group chooses whether to recognise the full amount of goodwill regardless of the ownership interest acquired, or an amount of goodwill corresponding to its interest in the acquired company (previously the only method allowed);
- deferred tax assets recognised after the initial accounting is complete are included in profit or loss, and in contrast to previous practices, the amount of goodwill that would have been recorded had the deferred tax asset been recognised as an identifiable asset at the acquisition date is not deducted;
- costs incurred in respect of a business combination are now expensed and no longer included in the acquisition cost;
- the acquisition cost, which includes contingent consideration, is recognised and measured at its acquisition-date fair value. Subsequent changes in fair value, affecting in particular the contingent consideration recorded in liabilities, are recognised in Other income and expenses in the income statement and no longer treated as an adjustment to goodwill;
- any previous interest held in the acquiree prior to the date control was obtained is now remeasured at its acquisition-date fair value, with the corresponding gain or loss on remeasurement recognised on the income statement;
- purchase commitments for minority interests are recognised in financial debt at the acquisition-date fair value. Subsequent changes in fair value of the commitment are recognised by adjusting equity.

Goodwill is allocated by Cash Generating Units or by groups of Cash Generating Units. A Cash Generating Unit corresponds to one or more worldwide brands.

€ millions **2023**	**31.12.2022**	**Acquisitions/ Disposals**	**Other movements**	**Translation difference**	**31.12.2023**
Redken/PureOlogy	708.2	8.3		-18.0	698.4
L'Oréal Professionnel/Kérastase	429.5			-7.1	422.4
Matrix	428.8			-12.3	416.5
Professional Products Total	**1,566.5**	**8.3**	**—**	**-37.4**	**1,537.4**
L'Oréal Paris	1,186.9		10.1	-16.6	1,180.4
Mass Market make-up	1,060.6		4.4	-26.4	1,038.6
Garnier	422.4		9.4	-5.9	425.9
Stylenanda	420.1			-13.2	406.9
NYX Professional Makeup	341.3			-9.8	331.4
LaSCAD	156.4				156.4
Other	372.6			-19.8	352.9
Consumer Products Total	**3,960.3**	**—**	**23.9**	**-91.6**	**3,892.6**
Aēsop(1)	—	1,682.3		56.2	1,738.4
Perfumes	1,472.1			-0.3	1,471.8
Lancôme	836.4			-5.0	831.4
YSL Beauté	536.5			-0.2	536.2
Luxe skincare(2)	428.7			-19.3	409.4
IT Cosmetics	534.5		-249.9	-7.3	277.3
Urban Decay	159.3			-4.8	154.5
Shu Uemura	127.6			-11.5	116.1
Other	227.4			—	227.4
Luxe Total	**4,322.3**	**1,682.3**	**-249.9**	**7.7**	**5,762.4**
SkinCeuticals/Skinbetter Science	718.5		28.7	-19.3	727.9
CeraVe	650.9			-11.2	639.6
Vichy	327.3	-1.5		-3.4	322.4
La Roche-Posay	171.9			-2.3	169.6
Dermatological Beauty Total	**1,868.5**	**-1.5**	**28.7**	**-36.1**	**1,859.5**
Lactobio(1)	—	50.7	—	—	50.7
GROUP TOTAL	**11,717.7**	**1,739.8**	**-197.3**	**-157.6**	**13,102.6**

(1) Allocation of the goodwill from Aēsop and Lactobio to the Cash Generating Units has not yet been finalised.
(2) The Cash Generating Unit includes Kiehl's, Takami and Youth To The People.

2023 acquisitions mainly relate to Aēsop for €1,682.3 million.

Other movements mainly reflect a recognition of an impairment loss (€249.9 million) on IT Cosmetics as well as the final goodwill allocation of Skinbetter Science.

The accumulated impairment losses relating to IT Cosmetics, L'Oréal Beauty Device, Magic, Softsheen-Carson and Yue Sai amounted to -€517.9 million, -€307.7 million, -€152.3 million, -€148.6 million and -€30.9 million respectively at 31 December 2023.

€ millions 2022	31.12.2021	Acquisitions/ Disposals	Other movements	Translation difference	31.12.2022
Redken/PureOlogy	678.1	0.7		29.4	708.2
L'Oréal Professionnel/Kérastase	417.9			11.6	429.5
Matrix	409.1			19.7	428.8
Professional Products Total	**1,505.1**	**0.7**		**60.7**	**1,566.5**
L'Oréal Paris	1,169.4		—	17.5	1,186.9
Mass Market make-up	1,019.9		4.2	36.5	1,060.6
Garnier	466.2		-53.6	9.8	422.4
Stylenanda	420.7			-0.6	420.1
NYX Professional Makeup	324.8			16.5	341.3
LaSCAD	156.4			—	156.4
Other	375.5			-2.8	372.6
Consumer Products Total	**3,932.9**	**—**	**-49.5**	**76.9**	**3,960.3**
Perfumes	1,453.5			18.6	1,472.1
Lancôme	837.9			-1.5	836.4
YSL Beauté	536.0			0.4	536.5
IT Cosmetics	515.4			19.1	534.5
Skincare Luxe[1]	492.9		-64.2	-0.1	428.7
Urban Decay	151.3			8.0	159.3
Shu Uemura	136.6			-9.0	127.6
Other	246.0	—		-18.6	227.4
Luxe Total	**4,369.6**		**-64.2**	**16.9**	**4,322.3**
SkinCeuticals[2]	145.1	610.1		-36.7	718.5
CeraVe	632.0			18.9	650.9
Vichy	321.6			5.6	327.3
La Roche-Posay	168.2			3.7	171.9
Dermatological Beauty Total	**1,266.9**	**610.1**	**—**	**-8.5**	**1,868.5**
GROUP TOTAL	**11,074.5**	**610.8**	**-113.7**	**146.0**	**11,717.7**

(1) The Cash Generating Unit includes Kiehl's, Takami and Youth To The People.
(2) The Cash Generating Unit also includes the 2022 acquisition of Skinbetter Scicence and Decléor.

2022 acquisitions mainly relate to Skinbetter Science for €610.1 million.

Other movements mainly reflect a recognition of an impairment loss (€53.6 million) on Logocos as well as the final goodwill allocation of Youth To The People.

The accumulated impairment losses relating to Logocos, IT Cosmetics, L'Oréal Beauty Device, Magic, Softsheen-Carson and Yue Sai amounted to -€53.6 million, -€281.9 million, -€319.7 million, -€160.9 million, -€154.5 million and -€32.7 million respectively at 31 December 2022.

€ millions 2021	31.12.2020	Acquisitions/ Disposals	Other movements	Translation difference	31.12.2021
Redken/PureOlogy	639.2	1.5		37.3	678.1
L'Oréal Professionnel/Kérastase	403.7			14.3	417.9
Matrix	382.4	0.2		26.5	409.1
Professional Products Total	**1,425.3**	**1.7**		**78.1**	**1,505.1**
L'Oréal Paris	1,132.0		6.3	31.1	1,169.4
Mass Market make-up	971.5		2.4	46.0	1,019.9
Garnier	443.8		1.3	21.1	466.2
Stylenanda	423.7			-3.0	420.7
NYX Professional Makeup	304.5			20.4	324.8
LaSCAD	156.4			—	156.4
Other	341.2			34.2	375.5
Consumer Products Total	**3,773.1**	**—**	**10.0**	**149.8**	**3,932.9**
Perfumes	1,468.3		1.5	-16.3	1,453.5
Lancôme	829.1			8.8	837.9
YSL Beauté	535.5			0.5	536.0
IT Cosmetics	736.5		-254.7	33.6	515.4
Urban Decay	141.4			9.9	151.3
Shu Uemura	137.5			-0.8	136.6
Other	239.8	484.2		14.8	738.9
Luxe Total	**4,088.1**	**484.2**	**-253.2**	**50.5**	**4,369.6**
CeraVe	608.7			23.3	632.0
Vichy	314.4			7.2	321.6
La Roche-Posay	163.6			4.6	168.2
Other	140.9			4.2	145.1
Dermatological Beauty Total	**1,227.6**	**—**	**—**	**39.3**	**1,266.9**
GROUP TOTAL	**10,514.1**	**485.9**	**-243.2**	**317.7**	**11,074.5**

2021 acquisitions mainly relate to Takami and Youth to the People for €484.2 million.

Other movements mainly reflect the recognition of an impairment loss on IT Cosmetics (€254.7 million).

The accumulated impairment losses relating to IT Cosmetics, L'Oréal Beauty Device, Magic, Softsheen-Carson and Yue Sai amounted to €265.6 million, €301.6 million, €165.5 million, €146.4 million and €33.6 million, respectively, at 31 December 2021.

7.2. Other intangible assets

Accounting principles

Intangible assets are recorded on the balance sheet at cost. Intangible assets identified following an acquisition as well as internally generated intangible assets are also included in this item.

a) Intangible assets acquired through business combinations

They mainly consist of brands, customer relationships and formulas and patents.

With regard to brands, the use of the "discounted cash flow" method is preferred to enable the value in use to be monitored more easily following the acquisition. Two approaches have been adopted to date:

- premium-based approach: this method involves estimating the portion of future cash flows that could be generated by the brand, compared with the future cash flows that the activity could generate without the brand;
- royalty-based approach: this involves estimating the value of the brand by referencing the levels of royalties demanded for the use of similar brands. It is based on sales forecasts drawn up by the Group.

These approaches are based on a qualitative analysis of the brand in order to ensure that the assumptions selected are relevant. The discount rate used is based on the weighted average cost of capital (WACC) for the target acquired. Terminal growth rates are consistent with available market data (generally 2.5% for Europe and 3.0% for the rest of the world, except in specific cases).

A brand may have a finite or an indefinite useful life span.

Local brands which are to be gradually replaced by an international brand already existing within the Group have a finite useful life span.

They are amortised over their useful lives as estimated at the date of acquisition.

International brands are brands which have an indefinite life span. They are tested for impairment at least once a year during the fourth quarter, and whenever an adverse event occurs.

Adverse events may result among other things from an increase in market interest rates or from a decrease in actual net sales or operational profit compared to forecasts.

The impairment test consists of calculating the recoverable amount of the brand based on the model adopted when the acquisition took place.

Customer relationships refer to relations developed with customers either through contractual arrangements or by non-contractual means through constant revenue streams resulting from the target's competitive position or reputation in its market.

The useful life of a customer relationship is limited and varies depending on the estimated attrition rate of existing customers at the time of the acquisition.

The Group may decide to identify and value patents and formulas that it intends to develop.

The value of a patent or a formula is assessed on the basis of the future profits expected from its ownership in the future, in accordance with the royalty-based approach.

The amortisation period applicable to patents corresponds to the period during which they enjoy legal protection.

b) Internally generated intangible assets

These mainly consist of software.

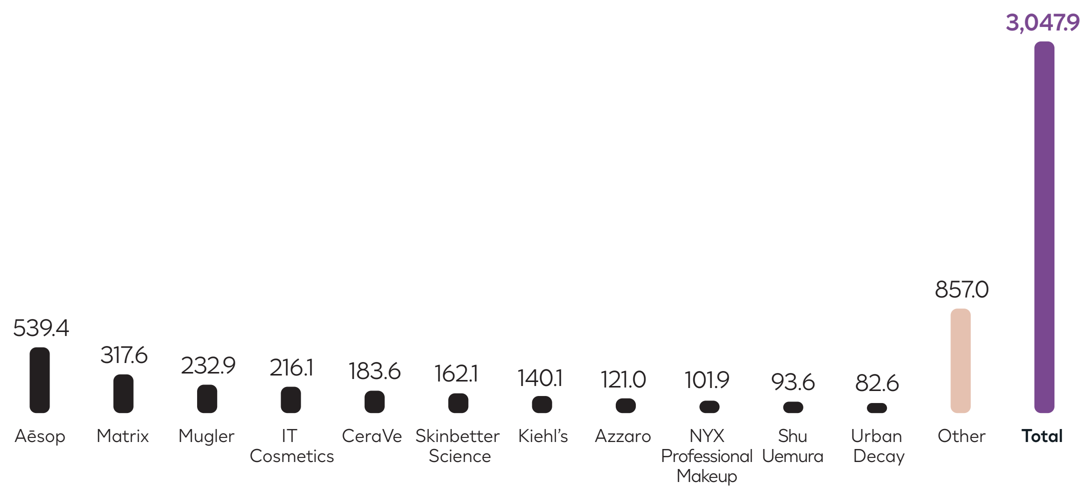
Innovation costs of software for internal use are capitalised for the programming, coding and testing phases. The costs of substantial updates and upgrades resulting in additional functions are also capitalised.

Capitalised innovation costs are amortised from the date the software is made available in the entity concerned and over its probable useful life, which, in most cases, is between five and eight years.

€ million 2023	31.12.2022	Acquisitions/ Depreciation	Disposals/ Reversals	Changes in the scope of consolidation[(2)]	Other movements[(1)]	Translation difference	31.12.2023
Brands with indefinite useful life[(3)]	2,589.7	0.1		507.3	-0.1	-49.1	3,047.9
Amortisable brands and product ranges	93.9			-8.7	6.0	-2.8	88.4
Licences and patents	771.4	1.8	-6.6	42.1	5.3	-0.5	813.5
Software	1,624.7	46.6	-169.9	16.5	80.8	-32.5	1,566.2
Customer relationships	658.0			-7.4	-13.8	-22.2	614.6
Assets under construction	416.8	296.7			-79.3	-2.4	631.8
Others	32.9	10.0	-2.8	0.8	-1.6	-1.1	38.2
Gross value	**6,187.1**	**355.1**	**-179.3**	**550.6**	**-2.7**	**-110.7**	**6,800.1**
Brands with indefinite useful life	403.5	19.8		-14.5		-13.8	395.0
Amortisable brands and product ranges	79.6	2.1		-8.7	4.7	-2.8	74.9
Licences and patents	210.3	20.3	-6.6	-12.8	3.0	-0.6	213.6
Software	1,241.3	155.0	-169.7	12.3	7.7	-24.1	1,222.5
Customer relationships	586.8	18.9		-10.0	0.5	-21.3	574.9
Others	25.5	10.0	-2.7	0.8	-0.6	-0.9	32.1
Depreciation and provisions	**2,547.0**	**226.2**	**-179.0**	**-32.9**	**15.3**	**-63.5**	**2,513.0**
OTHER INTANGIBLE ASSETS – NET	**3,640.1**	**128.9**	**-0.2**	**583.5**	**-18.1**	**-47.2**	**4,287.1**

(1) Other movements mainly consisted of the reduction in the gross value of the recognized customer relationship following the finalization of the allocation of the price paid for the Skinbetter Science acquisition (-€13.8 million).
(2) Changes in scope of consolidation mainly correspond to the provisional allocation of Aēsop goodwill to the brand (€521.8 million), technology (€54.9 million) and software for (€4.2 million).
(3) At end-2023, the gross value of brands with an indefinite useful life span breaks down as follows:

GROSS VALUE OF BRANDS WITH AN INDEFINITE USEFUL LIFE SPAN
(€ millions)



Accumulated impairment losses relating to brands amounted to €126.3 million on Magic, €98.4 million on Clarisonic, €58.8 million on Decléor, €55.1 million on Softsheen-Carson, €42.4 million on Yue-Sai and €14 million on Biomedic at 31 December 2023.

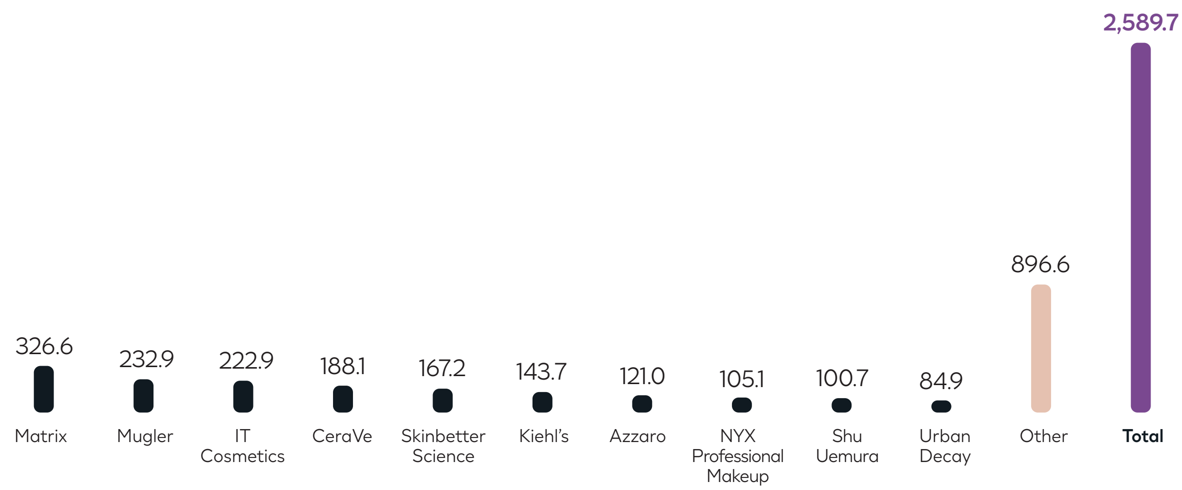
€ million 2022	31.12.2021	Acquisitions/ Depreciation	Disposals/ Reversals	Change in the scope of consolidation[2]	Other movements[1]	Translation difference	31.12.2022
Brands with indefinite useful life[3]	2,301.0		-15.7	182.0	65.0	46.6	2,589.7
Amortisable brands and product ranges	94.1	0.1			0.7	-1.0	93.9
Licences and patents	765.5	1.8	-0.1	4.7	-0.4	-0.1	771.4
Software	1,739.1	63.4	-59.1		-137.3	18.6	1,624.7
Customer relationships	613.0	0.5		21.5		23.0	658.0
Assets under construction	327.2	257.0	-2.6		-165.5	0.7	416.8
Others	31.5	6.2	-6.3		0.2	1.3	32.9
Gross value	**5,871.4**	**339.7**	**-83.9**	**208.2**	**-237.4**	**89.1**	**6,187.1**
Brands with indefinite useful life	347.8				53.5	2.2	403.5
Amortisable brands and product ranges	77.9	2.2			0.5	-1.0	79.6
Licences and patents	194.7	15.0	-0.1		-0.5	1.3	210.3
Software	1,229.2	166.5	-59.1		-109.1	13.8	1,241.3
Customer relationships	536.6	27.7				22.5	586.8
Others	22.5	8.4	-6.3			0.9	25.5
Depreciation and provisions	**2,408.7**	**219.7**	**-65.5**	**—**	**-55.6**	**39.7**	**2,547.0**
OTHER INTANGIBLE ASSETS – NET	**3,462.8**	**120.0**	**-18.4**	**208.2**	**-181.9**	**49.4**	**3,640.1**

(1) Other movements mainly consisted of the impact of the reclassification at the beginning of the year on SaaS projects (-€193 million), the allocation of goodwill (€65 million) to the brand from the acquisition of Youth to the people, and the impairment of brand Decléor (-€39 million) and brands Logona and Santé (-€14.5 million).

(2) Changes in the scope of consolidation mainly correspond to the temporary allocation of goodwill (€182 million) to the brand from the acquisition of Skinbetter Science, and to customer relationships (€21.5 million) and technology (€4.6 million).

(3) At end-2022, the gross value of brands with an indefinite useful life span breaks down as follows:

GROSS VALUE OF BRANDS WITH AN INDEFINITE USEFUL LIFE SPAN
(€ millions)

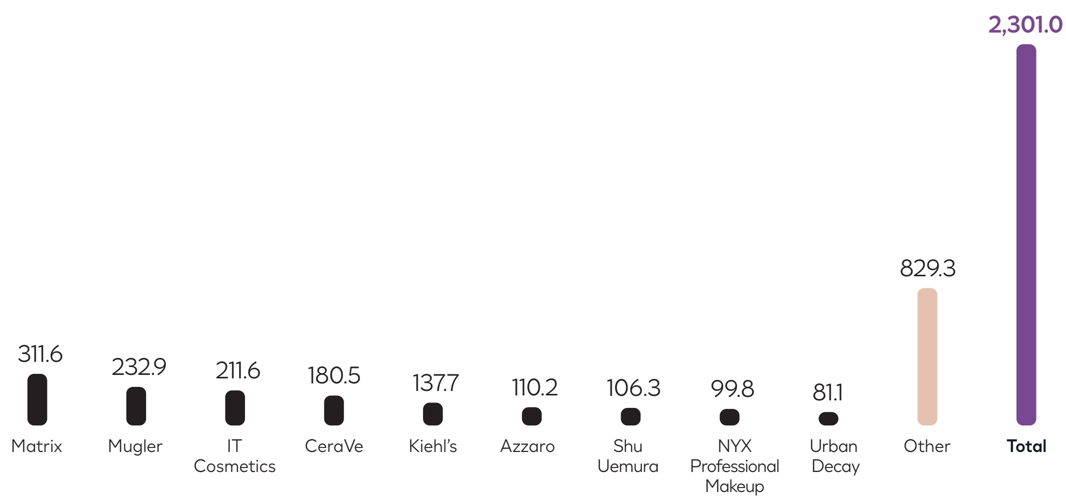


Accumulated impairment losses relating to brands amounted to €39 million on Decléor, €14.5 million on Logona and Santé, €133.4 million on Magic, €101.4 million on Clarisonic, €56.5 million on Softsheen-Carson, €44.8 million on Yue-Sai and €14 million on Biomedic at 31 December 2022.

€ million 2021	31.12.2020	Acquisitions/ Depreciation	Disposals/ Reversals	Change in the scope of consolidation[2]	Other movements[1]	Translation difference	31.12.2021
Brands with indefinite useful life[3]	2,200.4					100.6	2,301.0
Amortisable brands and product ranges	92.3		-2.4		1.2	3.1	94.1
Licences and patents	738.7	14.6	-8.7	19.6	0.3	1.0	765.5
Software	1,627.5	62.1	-104.3	-1.9	104.4	51.3	1,739.1
Customer relationships	563.6	0.5	-0.6	6.3		43.2	613.0
Assets under construction	190.4	259.0			-127.0	4.8	327.2
Others	27.7	2.1	-0.3		0.4	1.6	31.5
Gross value	**5,440.6**	**338.3**	**-116.3**	**24.0**	**-20.7**	**205.6**	**5,871.4**
Brands with indefinite useful life	242.1	82.8				22.9	347.8
Amortisable brands and product ranges	73.6	3.2	-2.4		0.5	3.0	77.9
Licences and patents	180.1	21.8	-8.7		-0.1	1.5	194.7
Software	1,114.1	193.7	-101.9	-2.1	-11.3	36.7	1,229.2
Customer relationships	455.1	43.1	-0.6		0.7	38.3	536.6
Others	19.3	2.4	-0.3			1.1	22.5
Depreciation and provisions	**2,084.3**	**347.0**	**-113.9**	**-2.1**	**-10.2**	**103.5**	**2,408.7**
OTHER INTANGIBLE ASSETS – NET	**3,356.3**	**-8.7**	**-2.5**	**26.2**	**-10.4**	**102.1**	**3,462.8**

(1) Other movements mainly consisted of the impact of hyperinflation in Argentina.
(2) Including the impairment of the brand Magic (€83 million), due to the exacerbated competition on the masks market in China.
(3) At end-2021, the gross value of brands with an indefinite useful life span breaks down as follows:

GROSS VALUE OF BRANDS WITH AN INDEFINITE USEFUL LIFE SPAN
(€ millions)



Accumulated impairment losses relating to brands amounted to €137.1 million on Magic, €96.5 million on Clarisonic, €54.2 million on Softsheen-Carson, €46.0 million on Yue-Sai and €14.0 million on Biomedic at 31 December 2021.

7.3. Impairment tests on intangible assets

Accounting principles

Goodwill is not amortised. It is tested for impairment at least once a year during the fourth quarter or whenever an adverse event occurs. Adverse events may result among other things from an increase in market interest rates or from a decrease in actual net sales or operational profit compared to forecasts.

Impairment tests consist of comparing the carrying amount of assets including goodwill and brands with the recoverable amount of each Cash Generating Unit. A Cash Generating Unit corresponds to one or more worldwide brands. A Cash Generating Unit can contain several brands in case of similar marketing position or depending on organisational criteria and particularly when distribution circuits and commercial/management structures are pooled. Recoverable values are determined on the basis of discounted operating cash flow forecasts covering a period of 10 years (the period considered necessary for the strategic positioning of an acquisition) and a terminal value.

The cash flows are determined in the currencies of the countries in question and are translated, in the same way as the net carrying amounts to which they are compared, at the estimated exchange rate for the following year. The discount rate used for these calculations is based on the weighted average cost of capital (WACC), which amounted to 9.2% in 2023, to 8.8% in 2022 and 7.8% in 2021 for amounts in euro, adjusted where appropriate by a country risk premium according to the geographic zones concerned. The discount rates are post-tax rates applied to post-tax cash flows, and result in recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows. The assumptions adopted in terms of sales growth and terminal values are reasonable and consistent with the available market data (generally 2.5% for Europe and 3% for the rest of the world for terminal values except in specific cases).

The use of discounted cash flow forecasts is preferred in order to determine recoverable amounts, unless details of similar recent transactions are readily available.

Impairment charged against goodwill cannot be reversed.

Impairment tests of Cash Generating Units for which the carrying amount of goodwill and intangible assets with indefinite useful lives is significant, are carried out based on the following data and assumptions:

€ millions	2023	2022	2021
Net carrying amount of goodwill and brands with an indefinite useful life[1]			
Perfumes	1,842.0	1,842.2	1,812.9
L'Oréal Paris	1,227.7	1,235.7	1,215.6
Maquillage Mass Market	1,086.7	1,109.5	1,067.5
SkinCeuticals/Skinbetter Science	921.5	938.2	234.7
Lancôme	845.0	850.8	852.7
CeraVe	823.2	839.0	812.5
Redken/PureOlogy	789.6	802.4	767.2
Matrix	734.1	755.4	720.8
Skincare Luxe	615.7	640.4	630.7
YSL Beauté	536.2	536.4	536.0
IT Cosmetics	493.4	757.4	726.9
Stylenanda	478.0	493.8	494.6
Garnier	440.7	436.6	493.8
NYX Professional Makeup	433.3	446.4	424.6
L'Oréal Professionnel/Kérastase	422.4	429.5	417.9
Vichy	322.4	327.3	336.2
Urban Decay	237.1	244.1	232.4
Shu Uemura	209.7	228.3	242.9

(1) *Excluding acquisitions during the year.*

Due to a delay in the IT Cosmetics Business Plan, mainly due to a delay in the international development of the brand, an impairment test was carried out on the IT Cosmetics Cash Generating Unit and a loss of value was recorded for €249.9 million.

The recoverable value of the IT Cosmetics Cash Generating Unit amounts to €561.3 million at the end of December 2023.

The discount rate used at 31 December 2023 for this test were between 6.4% and 14.8% including 9.1% for the USA and 9.2% for international. This rate is the result of specific rates for each market or geographic zone based on the risks they represent.

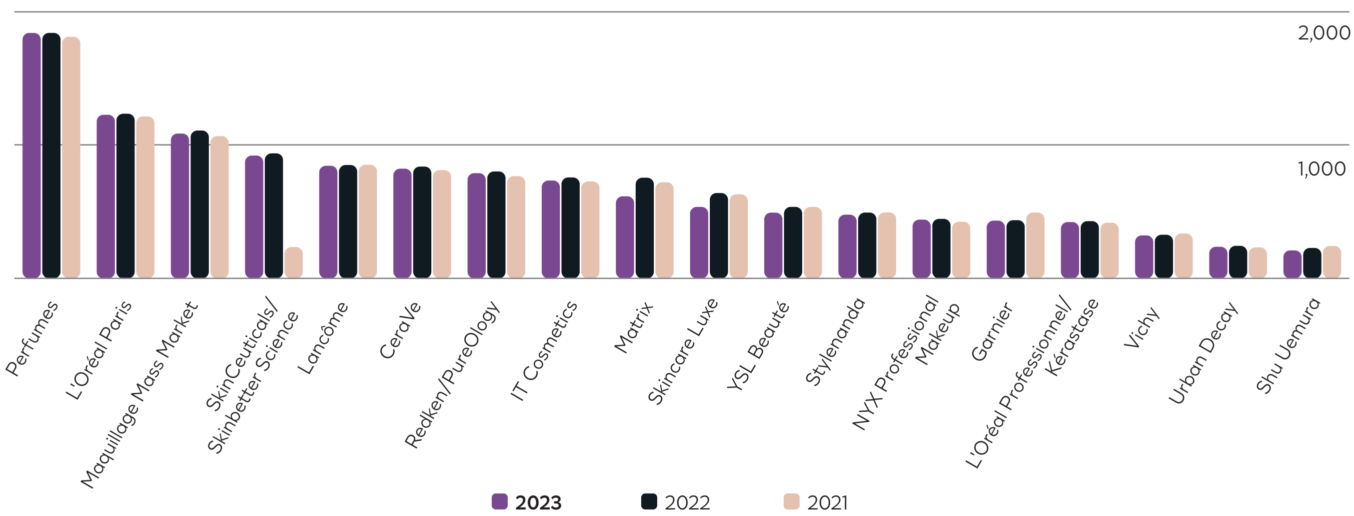
At 31 December 2023, a 1% increase in the discount rate on all the Group's Cash Generating Units would lead to an impairment loss risk of around €129.6 million.

A 1% decrease in the terminal growth rate on all the Group's Cash Generating Units would lead to an impairment loss risk of around €65.9 million.

The terminal growth rate is consistent with market data, i.e. 2.5% for Europe and 3.0% for the rest of the world.

A 1-point decrease in the margin rate over the business plan period on all the Group's Cash Generating Units would lead to an impairment loss risk of around €58.5 million.

The net carrying amount of goodwill and brands with indefinite useful life breaks down as follows for the largest Cash Generating Units:



Note 8. Investments accounted for under the equity method

€ millions	31.12.2023	31.12.2022	31.12.2021
Investments accounted for under the equity method			
LIPP Distribution	12.0	9.9	9.3
Loshian Co	5.8	8.1	—
Salon Interactive[1]	8.8	—	—
Other	0.5	0.5	0.6
TOTAL	**27.0**	**18.4**	**9.9**

(1) *Acquisition of a 38.32% stake in Salon Interactive Inc in December 2023.*

Note 9. Financial assets and liabilities – Cost of debt

Accounting principles

Finance costs, net

Net financial debt consists of all current and non-current financial borrowings and debt, less cash and cash equivalents.

Net finance costs consist of income and expenses arising on the items making up net financial debt during the accounting period, including gains and losses on the corresponding foreign exchange rate hedges.

Borrowings and debt

Borrowings and debt are valued at amortised cost based on an effective interest rate.

In accordance with the principle of fair value hedge accounting, fixed-rate borrowings and debt swapped at a floating rate are valued on the balance sheet at market value. The resulting changes in value are recorded as finance costs and are offset by changes in the value of the related interest rate swaps.

The fair value of fixed-rate debt is determined by the discounted cash flow method using bond yield curves at the closing date, allowing for the spread corresponding to the Group's risk class to be taken into account.

The carrying amount of floating-rate debt is a reasonable approximation of its fair value.

Medium- and long-term borrowings and debt are recorded under Non-current liabilities. Short-term borrowings and debt as well as the current portion of medium- and long-term borrowings and debt are presented under Current liabilities.

Cash and cash equivalent

Cash and cash equivalents consist of cash in bank accounts, units of cash unit trusts and liquid short-term investments with a negligible risk of changes in value and a maturity date of less than three months at the date of acquisition.

Investments in shares and cash, which are held in an account blocked for more than three months, cannot be recorded under cash and are presented under Other current assets.

Bank overdrafts considered to be financing are presented in Current borrowings and debt.

The money-market unit trusts are classified as financial assets at fair value through profit or loss. As such, they are valued in the balance sheet at their market value at the closing date. Any related unrealised gains are accounted for in Finance costs, Net in the income statement.

The carrying amount of bank deposits is a reasonable approximation of their fair value.

Non-current financial assets

Non-current financial assets include investments in non-consolidated companies and long-term loans and receivables maturing after more than 12 months.

Investments in non-consolidated companies are classified as financial assets at fair value through other comprehensive income. As such, they are valued on the basis of their fair value, and unrealised losses and gains are accounted for through equity on the line Other comprehensive income.

The fair value of listed securities is determined on the basis of the share price at the closing date. For unlisted securities, in the absence of specific events, their acquisition cost is deemed to be the best possible estimate of fair value.

Long-term loans and receivables are considered to be assets generated by the business. As such, they are valued at amortised cost. If there is an indication of a loss in value, a provision for impairment is recorded.

9.1. Borrowings and debt

The Group conducts bond issues to cover its medium-term financing needs and issues short-term marketable instruments in France and commercial paper in the US to cover its financing needs in the short term. None of the Group's borrowings or debt contains an early repayment clause linked to financial ratios (covenants).

9.1.1. Debt by type

	31.12.2023		31.12.2022		31.12.2021	
€ millions	Non-current	Current	Non-current	Current	Non-current	Current
Short-term marketable instruments	—	—	—	795.2	—	2,507.0
MLT bank loans	—	—	—	—	—	—
Lease debt	1,394.2	459.8	1,213.5	407.0	1,247.5	422.8
Overdrafts	—	67.0	—	81.7	—	118.7
Other borrowings and debt	18.3	219.3	17.8	122.3	10.7	1,993.7
Bond	4,728.3	1,805.1	2,999.8	13.5	—	—
TOTAL	**6,140.8**	**2,551.3**	**4,231.1**	**1,419.8**	**1,258.2**	**5,042.2**

9.1.2. Bond and EMTN

Tranches *€ millions*		Issuance type	Issuance date	Rate type	EIR[1]	Maturity date	31.12.2023[4]	31.12.2022
	750	—	March 2022	Floating	2.400%	March 2024	754.5	758.4
	1,000	—	March 2022	Fixed	0.580%	March 2024	1,002.3	1,000.3
	1,250	SLB[2]	March 2022	Fixed	0.960%	June 2026	1,252.9	1,254.6
	1,000	EMTN[3]	May 2023	Fixed	3.390%	May 2025	1,015.8	—
	1,000	EMTN[3]	May 2023	Fixed	3.080%	May 2028	1,009.5	—
	800	EMTN[3]	November 2023	Fixed	3.520%	January 2027	799.4	—
	700	EMTN[3]	November 2023	Fixed	3.470%	November 2029	699.0	—
TOTAL	**6,500**				**2.350%**		**6,533.4**	**3,013.3**

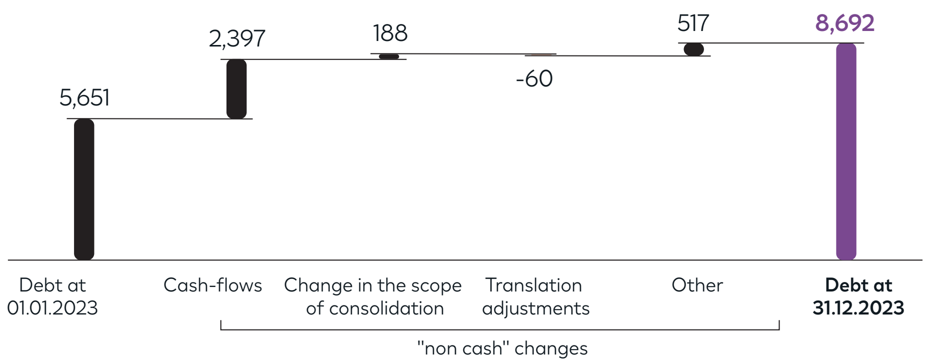
(1) Effective interest rate.
(2) Sustainability linked Bond.
(3) Euro Medium Term Notes.
(4) including undisbursed short-term and long-term accrued interest.

Bond issues are mainly carried out as part of a “Euro Medium-Term Notes” program with a ceiling of €5 billion at 31 December 2023.

9.1.3. Change in debt

			“Non-cash” changes				
€ millions	31.12.2022	Cash-flows	Changes in the scope of consolidation	Translation adjustments	Changes in fair value	Other[1]	31.12.2023
Short-term marketable instruments	795.2	-795.2	—	—	—	—	—
MLT bank loans	—	—	—	—	—	—	—
Lease debt	1,620.6	-430.6	187.5	-39.6	—	516.1	1,854.0
Overdrafts	81.7	-10.6	0.6	-4.7	—	—	67.0
Other borrowings and debt	140.1	112.8	—	-15.9	—	0.7	237.7
Bond	3,013.3	3,520.1	—	—	—	—	6,533.4
TOTAL	**5,651.0**	**2,396.5**	**188.1**	**-60.2**	**—**	**516.8**	**8,692.1**

(1) These are renewals and amendments to contracts and new leases location.



9.1.4. Debt by maturity date

€ millions	31.12.2023	31.12.2022	31.12.2021
Less than 1 year[(1)]	2,551.3	1,419.8	5,042.2
1 to 5 years	5,022.1	3,859.0	933.7
More than 5 years	1,118.6	372.1	324.4
TOTAL	**8,692.1**	**5,650.9**	**6,300.4**

(1) At 31 December 2023, the Group had confirmed undrawn credit lines for €5,000 million as at 31 December 2022 and 31 December 2021. These lines were not subject to any covenants.

Estimated interest expense at 31 December 2023, as at 31 December 2022 and 31 December 2021, is not material given the outstanding debt at these dates, comprising short-term marketable instruments drawn at very short terms short/medium term bond issues, very short-term miscellaneous borrowings contracted locally by subsidiaries, and lease debts.

These estimates are computed on the basis of the effective interest rate at the end of the financial year, after allowing for hedging instruments and assuming that no debt is rolled over at maturity.

9.1.5. Debt by currency excluding lease debts

€ millions	31.12.2023	31.12.2022	31.12.2021
Euro (EUR)	6,550.6	3,065.7	4,441.4
Korean Won (KRW)	105.7	7.8	—
Colombian Peso (COP)	55.0	25.2	21.2
Turkish lira (TRY)	30.0	46.2	19.3
Chilean Peso (CLP)	15.0	8.7	8.8
US dollar (USD)	12.8	822.2	59.2
Uruguayan Peso (UYU)	11.9	—	—
Egyptian Pound (EGP)	11.7	12.5	8.3
Kenyan Shilling (KES)	9.4	10.0	12.9
Pakistani Rupee (PKR)	5.1	5.2	8.0
Indonesian Rupee (IDR)	4.0	10.5	—
Filipino Peso (PHP)	2.4	5.9	4.3
Other	24.5	10.4	46.6
TOTAL	**6,838.1**	**4,030.3**	**4,630.0**

9.1.6. Breakdown of fixed rate – floating rate debt

€ millions	31.12.2023	31.12.2022	31.12.2021
Floating rate	821.5	1,638.5	4,529.9
Fixed rate including lease debts	7,870.6	4,012.4	1,770.5
TOTAL	**8,692.1**	**5,650.9**	**6,300.4**

9.1.7. Effective interest rates

Effective interest rates on Group debt for short-term marketable instruments after allowing for hedging instruments are 0.00% in 2023 due to marketable instruments repayment at closing compared with 1.68% in 2022 and -0.54% in 2021.

The effective interest rate on bonds issued in 2022 and 2023 by the Group amounts to 2.35% in 2023.

There is no medium-term bank loan at 31 December 2023 as at 31 December 2022 and 31 December 2021.

9.1.8. Average debt interest rates

Average debt interest rates after allowing for hedging instruments break down as follows:

	31.12.2023	31.12.2022	31.12.2021
Euro (EUR)	2.09%	0.26%	-0.51%
US dollar (USD)	3.58%	2.18%	0.08%

9.1.9. Fair value of borrowings and debt

The fair value of fixed-rate debt is determined for each loan by discounting future cash flows, based on bond yield curves at the balance sheet date, after allowing for the spread corresponding to the Group's risk rating.

The net carrying amount of outstanding bank loans and other floating-rate loans is a reasonable approximation of their fair value.

The fair value of borrowings and debt excluding IFRS 16 amounted to €6,838.1 million at 31 December 2023 compared with €4,030.3 million at 31 December 2022 and €4,630.0 million at 31 December 2021.

9.1.10. Debt covered by collateral

No debt was covered by material amounts of collateral at 31 December 2023, 2022 and 2021.

9.1.11. Confirmed credit lines

At 31 December 2023, L'Oréal and its subsidiaries had €5,000 million of confirmed undrawn credit lines, as at 31 December 2022 and 31 December 2021.

The maturities of the credit lines at 31 December 2023 are broken down as follows:

- €0 million at less than one year;
- €5,000.0 million between one and four years;
- €0 million at more than five years.

9.2. Cash and cash equivalents

	31.12.2023		31.12.2022		31.12.2021	
€ millions	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Marketable securities	624.1	624.1	718.5	718.5	513.2	513.3
Bank accounts and other cash and cash equivalents[1]	3,664.0	3,664.2	1,899.2	1,899.4	2,200.6	2,201.6
TOTAL	**4,288.1**	**4,288.3**	**2,617.7**	**2,617.9**	**2,713.8**	**2,714.9**

(1) Including €245 million in cash in countries in which cash repatriation is difficult.

Marketable securities consist mainly of SICAV money-market funds and unit trusts (on which the return is based on EONIA). They are considered as financial assets at fair value through profit or loss.

Term accounts with a maturity of less than three months at inception are shown on the Bank accounts and other cash and cash equivalents line.

9.3. Non-current financial assets

€ millions	31.12.2023		31.12.2022		31.12.2021	
	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Investments in non-consolidated companies						
Sanofi[1]	10,612.1	4,033.5	10,621.5	4,033.5	10,472.6	4,033.5
Other listed securities[2]	60.9	103.3	99.7	95.2	34.5	20.6
Unlisted securities[3]	458.3	437.8	392.6	441.4	277.9	336.4
Financial assets at amortised cost						
Non-current loans and receivables	171.0	175.0	139.0	141.1	135.2	137.2
Surplus funds for pension scheme commitments held in assets	**329.4**		**400.0**		**—**	
TOTAL	**11,631.6**	**4,749.6**	**11,652.8**	**4,711.3**	**10,920.2**	**4,527.7**

(1) L'Oréal's stake in Sanofi was 9.35% at 31 December 2023. The carrying amounts at 31 December 2023, 31 December 2022 and 31 December 2021 (€10,612.1 million, €10,621.5 million and €10,472.6 million (respectively) correspond to the market value of the shares based on the closing price at each of these dates (€89.76, €89.84 and €88.58, respectively). The acquisition cost of €4,033.5 million corresponds to an entry cost of €34.12. The investment is measured at fair value through other comprehensive income.

(2) This heading includes listed securities of biotechnology start-ups as well as Euroapi shares for €29.5 million (reassessed cost).

(3) This heading mainly includes:

-strategic investments in investment funds measured at fair value through other comprehensive income of which €50 million subscribed in the Circular Innovation Fund, €75 million subscribed in the L'Oréal Fund for Nature Regeneration (of which €15 million subscribed over 2023) and other holdings in start-ups and other investment funds account for the remainder;

-securities of our subsidiaries in Venezuela deconsolidated since 31 December 2015, for €94.4 million fully written down.

In the absence of specific events, their acquisition cost is deemed to be the best possible estimate of fair value.

9.4. Other financial income and expenses

This item is broken down as follows:

€ millions	2023	2022	2021
Interest component of pension costs	-2.2	-6.5	-10.1
Other financial income and expenses	-46.6	-65.8	-30.1
TOTAL	**-48.8**	**-72.3**	**-40.2**

Note 10. Derivatives and exposure to market risks

Accounting principles

Derivative instruments entered into to hedge identifiable foreign exchange and interest rate risks are accounted for in accordance with hedge accounting principles.

Forward foreign exchange contracts and options are put in place in order to hedge items recorded in the balance sheet (fair value hedges) and cash flows on highly probable future commercial transactions (cash flow hedges).

All foreign exchange hedging instruments are recorded on the balance sheet at their market value, including those which relate to purchases and sales in the next accounting period. Hence changes in the fair value of these hedging instruments is recorded in shareholders' equity and the amount accumulated in shareholders' equity impacts the result on the date of completion of hedged transactions.

Any remaining hedge ineffectiveness is recognised directly in the income statement.

In accordance with hedge accounting, unrealised exchange gains and losses relating to unsold inventories are deferred in the inventories item in the balance sheet. Similarly, if a currency hedge has been taken out in respect of fixed assets purchased with foreign currency, these assets are valued in the balance sheet on the basis of the hedging rate.

The Group may decide to hedge certain investments in foreign companies. Exchange gains or losses relating to these hedges are directly charged to consolidated equity, under the item Cumulative translation adjustments.

With regard to interest rate risk, fixed-rate debt and financial loans hedged by interest rate swaps are valued in the balance sheet at their market value. Changes in the fair value of these items are recorded as finance costs and offset by adjustments to the fair value of the related hedging derivatives. Floating-rate debt and financial loans are valued at cost, which corresponds to their market value. The swaps or caps which hedge these items are valued in the balance sheet at their market value, with changes in value recorded directly through equity on the Other comprehensive income item.

The fair value of interest rate derivative instruments is their market value. This market value is calculated by the discounted cash flow method at the interest rate effective at the closing date.

To manage its exposure to currency and interest rate risks arising in the course of its normal operations, the Group uses derivatives negotiated with counterparties rated investment grade.

In accordance with Group rules, currency and interest rate derivatives are set up exclusively for hedging purposes.

10.1. Hedging of currency risk

The Group is exposed to currency risk on commercial transactions recorded on the balance sheet and on highly probable future transactions.

The Group's policy regarding its exposure to currency risk on future commercial transactions is to hedge, before the end of the year, a large part of the currency risk for the following year, using derivatives based on operating budgets in each subsidiary.

All the Group's future foreign currency flows are analysed in detailed forecasts for the coming budgetary year. Any currency risks identified are hedged by forward contracts or options in order to reduce as far as possible the currency exposure of each subsidiary. The term of the derivatives is aligned with the Group's settlements. Exchange rate derivatives are negotiated by FINVAL or, in exceptional cases, directly by the Group's subsidiaries. Such transactions are supervised by the Group's Treasury department.

As a non-financial corporation, FINVAL is subject to the European Market Infrastructure Regulations (EMIR). Published by the European Commission in September 2012, EMIR is aimed at moving OTC markets towards a centralised model, thereby enhancing market transparency and regulatory oversight and decreasing systemic risk using a guarantee mechanism. As the Group's companies must borrow and invest their cash in their own currency, the exchange rate risks generated by managing their own cash and debt are almost non-existent.

Owing to the Group's policy of currency risk hedging a large part of annual requirements for the following year before the end of the current year, the sensitivity of profit or loss to changes in foreign exchange rates at 31 December is marginal. The impact of changes in foreign exchange rates on the foreign exchange cash flow hedges reserve is described in note 11.3.

All derivative financial instruments held for currency risk hedging purposes have a maturity of less than 18 months at inception and break down as follows:

	Nominal			Market value		
€ millions	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Currency futures						
Purchase of EURO against foreign currencies	**4,561.1**	**2,684.6**	**2,201.1**	**41.6**	**34.3**	**-159.3**
EUR/CNY	1,414.5	629.7	540.7	44.4	24.7	-91.3
EUR/USD	505.8	197.6	502.4	9.8	3.7	-26.3
EUR/SGD	746.9	750.9	118.4	-0.1	-12.6	3.3
EUR/GBP	410.0	231.0	162.9	-6.9	3.6	-6.8
EUR/MXN	266.3	249.2	148.3	-8.4	-5.7	-4.8
EUR/BRL	205.9	171.3	117.5	-3.7	1.2	-0.7
EUR/AUD	188.6	143.3	88.5	-1.9	3.6	-1.9
EUR/CAD	148.2	46.0	14.5	0.1	8.5	-2.2
EUR/HKD	166.0	90.1	76.7	4.2	1.5	-35.9
EUR/DKK	105.4	60.6	9.2	0.2	—	—
EUR/SAPMENA currencies	68.3	85.8	—	1.7	5.3	—
EUR/North Asia currencies	193.0	—	314.8	0.4	—	1.6
EUR/Europe currencies	—	—	—	—	—	—
EUR/Latin America currencies	142.2	—	86.3	1.8	—	5.2
EUR/S SA currencies	—	29.1	21.0	—	0.5	0.5
Sale of EUR against foreign currencies	**174.4**	**377.9**	**480.0**	**-4.8**	**-16.8**	**-16.9**
EUR/Europe	134.4	3.0	297.8	-3.9	-13.1	-9.7
EUR/S SA currencies	40.0	—	—	-0.9	—	—
EUR/Latin America currencies	—	130.0	—	—	-3.3	—
EUR/North Asia currencies	—	244.9	—	—	-0.4	—
EUR/ SAPMENA	—	—	182.2	—	—	-7.2
Purchase of USD against foreign currencies	**1,605.1**	**2,363.4**	**418.6**	**9.7**	**87.3**	**13.2**
USD/SAPMENA currencies	1,152.2	1,987.9	238.9	7.4	83.3	2.7
USD/Latin America currencies	223.4	—	130.7	0.6	—	9.9
USD/CAD	—	85.9	49.0	—	2.9	0.6
USD/Europe currencies	26.4	—	—	0.5	—	—
USD/North Asia currencies	203.1	289.6	—	1.3	1.1	—
USD/S SA currencies	—	—	—	—	—	—
Sale of USD against foreign currencies	**59.4**	**152.2**	**508.8**	**-0.5**	**-10.4**	**-5.6**
USD/North Asia currencies	—	—	495.6	—	—	-6.5
USD/Latin America currencies	—	138.9	—	—	-8.9	—
USD/Other currencies	59.4	13.2	13.2	-0.5	-1.5	0.9
Other currency pairs	**791.7**	**1,016.5**	**551.8**	**-8.7**	**-2.1**	**-4.1**
CNY/SGD	193.7	309.0	0.2	-6.1	-8.1	—
DKK/SEK	76.8	76.5	68.7	-3.1	2.0	0.7
SGD/HKD	17.8	117.2	9.2	-0.2	-3.9	0.6
Other currency pairs	503.3	513.8	473.6	0.7	7.8	-5.4
CURRENCY FUTURES TOTAL	**7,191.5**	**6,594.7**	**4,160.3**	**37.3**	**92.2**	**-172.7**

	Nominal			Market value		
€ millions	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Currency options						
EUR/CNY	—	—	—	—	—	—
EUR/RUB	—	—	—	—	—	—
EUR/USD	—	—	69.4	—	—	—
EUR/BRL	—	—	11.1	—	—	0.1
EUR/MXN	—	—	7.7	—	—	—
EUR/TRY	—	—	—	—	—	—
EUR/HKD	—	—	70.4	—	—	-0.1
Other currency pairs	—	—	—	—	—	—
CURRENCY OPTIONS TOTAL	**—**	**—**	**158.5**	**—**	**—**	**-0.1**
Of which total options purchased	—	—	158.5	—	—	0.1
Other hedging elements						
Cross Currency Swap	1,620.1	604.2	—	13.5	-1.3	—
OTHER ELEMENTS TOTAL	**1,620.1**	**604.2**	**—**	**13.5**	**-1.3**	**—**
TOTAL	**8,811.6**	**7,198.9**	**4,318.8**	**50.8**	**90.9**	**-172.5**

The market values by type of hedging are as follows:

€ millions	2023	2022	2021
Fair value hedges[1]	47.9	-42.7	-38.6
Cash flow hedges	2.7	133.4	-133.9
TOTAL	**50.6**	**90.7**	**-172.5**

(1) *Fair value hedges relate to currency risks on operating receivables and payables as well as on foreign currency investments and financing.*

The fair value of the derivatives is their market value.

10.2. Foreign exchange gains and losses

Accounting principles

Foreign exchange gains and losses resulting from the difference between the value of foreign currency operating income and expenses translated at the spot rate effective on the transaction date and at the exchange rate effective on the settlement date are recognised directly on the appropriate income and expense lines, after allowing for hedging derivatives.

Foreign exchange gains and losses break down as follows:

€ millions	2023	2022	2021
Time value	-121.7	-105.1	-70.5
Other foreign exchange gains and losses	41.1	-309.6	17.7
TOTAL	**-80.6**	**-414.7**	**-52.8**

Foreign currency transactions are translated at the spot rate at the transaction date.

Assets and liabilities denominated in foreign currencies have been translated using the exchange rates effective at the closing date. Foreign exchange gains and losses also include the following items relating to derivative instruments:

- changes in market value linked to variations in the spot rate between the inception of the hedge and the date when the hedged transactions are completed;
- residual ineffectiveness linked to excess hedges and recognised directly in the income statement under other foreign exchange gains and losses for €1.6 million, €24.5 million and €1.5 million in 2023, 2022 and 2021, respectively.

These amounts are allocated to the appropriate operating expense items. They are broken down as follows:

€ millions	2023	2022	2021
Cost of sales	-49.2	-324.2	-37.2
Research and innovation expenses	-12.0	29.6	-4.2
Advertising and promotion expenses	-8.7	-61.5	-5.9
Selling, general and administrative expenses	-10.7	-58.7	-5.5
FOREIGN EXCHANGE GAINS AND LOSSES	**-80.6**	**-414.7**	**-52.8**

10.3. Hedging of interest rate risk

The Group did not have any interest rate hedging instruments at 31 December 2023, 2022 and 2021.

10.4. Sensitivity to changes in interest rates

An increase of 100 basis points in interest rates would have had a direct positive impact of €34.7 million on the Group's net finance costs at 31 December 2023, compared with a direct positive impact of €9.8 million at 31 December 2022 and a direct negative impact of -€18.2 million at 31 December 2021. This calculation allows for cash, cash equivalents and derivatives, and assumes that total net debt/cash remains stable and that fixed-rate debt at maturity is replaced by floating-rate debt.

The impact of a 100 basis point rise in interest rates on the fair value of the Group's fixed-rate financial assets and liabilities, after allowing for any interest rate derivatives, can be estimated at -€60.2 million at 31 December 2023 compared with -€23.9 million at 31 December 2022 and -€1.0 million 31 December 2021.

10.5. Counterparty risk

The Group has financial relations with international banks rated investment grade by specialised agencies. The Group thus considers that its exposure to counterparty risk is low.

Furthermore, the financial instruments used to manage exchange rate and interest rate risk are issued by leading international banking counterparties.

Accordingly, the Group considers its exposure to counterparty risk to be low.

10.6. Liquidity risk

The Group's liquidity risk can be assessed on the basis of its outstanding short-term debt under its short-term marketable instruments programme. Should these bank facilities not be renewed, the Group would have confirmed undrawn credit lines of €5,000 million at 31 December 2023. These lines were not subject to any covenants.

10.7. Shareholding risk

No cash has been invested in shares.

Available cash is invested with top-ranking financial institutions in the form of non-speculative instruments which can be drawn in very short periods. At 31 December 2023, marketable securities consist exclusively of unit trusts (note 9.2.).

At 31 December 2023, the Group held 118,227,307 Sanofi shares for an amount of €10,612.1 million (note 9.3.).

The initial share price for Sanofi shares was €34.12.

The shares are valued based on their fair value, and unrealised losses and gains are accounted for through equity in the Other comprehensive income item.

At 31 December 2022, the Group held 118,227,307 Sanofi shares for an amount of €10,621.5 million (note 9.3.).

At 31 December 2021, the Group held 118,227,307 Sanofi shares for an amount of €10,472.6 million (note 9.3.).

10.8. Fair value hierarchy

IFRS 7 requires financial assets and liabilities recognised at fair value in the balance sheet to be classified according to three levels:

- level 1: quoted prices on an active market;
- level 2: valuation techniques using observable inputs;
- level 3: valuation techniques using unobservable inputs.

The table below provides an analysis of financial instruments recorded at fair value on the balance sheet by level of the fair value hierarchy.

€ millions 31 December 2023	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives	—	177.7	—	177.7
Sanofi shares	10,612.1	—	—	10,612.1
Other securities	60.8	—	457.3	518.1
Marketable securities	624.1	—	—	624.1
TOTAL ASSETS AT FAIR VALUE	**11,297.0**	**177.7**	**457.3**	**11,932.0**
Liabilities at fair value				
Foreign exchange derivatives	—	127.1	—	127.1
TOTAL LIABILITIES AT FAIR VALUE	**—**	**127.1**	**—**	**127.1**

€ millions 31 December 2022	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		260.9		260.9
Sanofi shares	10,621.5			10,621.5
Other securities	99.7		391.6	491.3
Marketable securities	718.5			718.5
TOTAL ASSETS AT FAIR VALUE	**11,439.7**	**260.9**	**391.6**	**12,092.2**
Liabilities at fair value				
Foreign exchange derivatives		170.6		170.6
TOTAL LIABILITIES AT FAIR VALUE	**—**	**170.6**	**—**	**170.6**

€ millions 31 December 2022	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		67.6		67.6
Sanofi shares	10,472.6	—		10,472.6
Other securities	34.5	—	276.9	311.4
Marketable securities	—	—		—
TOTAL ASSETS AT FAIR VALUE	**10,507.1**	**67.6**	**276.9**	**10,851.6**
Liabilities at fair value				
Foreign exchange derivatives		240.4		240.4
TOTAL LIABILITIES AT FAIR VALUE	**—**	**240.4**	**—**	**240.4**

10.9. Offsetting financial assets and financial liabilities

Financial assets and liabilities resulting from foreign exchange and/or interest rate hedging transactions entered into with the Group's counterparty banks are not offset in the balance sheet since they are FBF (French Banking Federation) or ISDA (International Swaps and Derivatives Association) agreements that only provide for offsetting in the event of default by one of the parties to the agreement. Accordingly, they do not meet the offsetting criteria set out in IAS 32.

Had the agreements been offset at the level of each counterparty bank, assets and liabilities would have decreased by €105.5 million, €156.7 million and €62.7 million respectively in 2023, 2022 and 2021.

10.10. Sanofi dividends

In 2022, the L'Oréal Group received 5,140,317 Euroapi shares amounting to €74.5 million, which was recognised as financial income. Sanofi has decided to list the company Euroapi on the stock exchange on 6 May 2022, of which it was a 100% shareholder, and to distribute 58% of its Euroapi shares to its shareholders.

These shares were awarded in addition to the dividend granted in kind by Sanofi as part of the annual dividend paid to its shareholders, representing for the L'Oréal Group an amount of €393.7 million in 2022.

Note 11. Equity – Earnings per share

11.1. Share capital and additional paid in capital

Share capital consists of 534,725,475 shares with a par value of €0.20 at 31 December 2023 following the issue of 34,020 shares for the employee shareholding plan and 776,525 free shares and the cancellation of 1,271,632 shares.

Share capital consisted of 535,186,562 shares with a par value of €0.20 at 31 December 2022 following the issue of 448,267 shares for the employee shareholding plan and 868,806 free shares and the cancellation of 23,802,871 shares.

Share capital consisted of 557,672,360 shares with a par value of €0.20 at 31 December 2021, following the exercise of subscription options for 52,397 shares, the issue of 5,327 shares for the employee shareholding plan in the UK and 743,056 free shares and the cancellation of 3,000,000 free shares.

11.2. Treasury shares

Accounting principles

Treasury shares are recorded at acquisition cost and deducted from equity. Capital gains/losses on disposal of these items net of tax are charged directly to equity and do not contribute to profit for the financial year.

a) 2023

The change in the number of shares in 2023 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2023	**535,186,562**	**—**	**535,186,562**
Shares cancelled	-1,271,632	1,271,632	—
Options and free shares exercised	810,545	—	810,545
Treasury shares purchased	—	-1,271,632	-1,271,632
AT 31.12.2023	**534,725,475**	**—**	**534,725,475**

The change in treasury shares in 2023 was as follows:

In shares	Buyback programme	Allocated to free-share plans	Total	€ millions
At 01.01.2023	**—**	**—**	**—**	**—**
Shares cancelled	-1,271,632	—	-1,271,632	-503.3
Options and free shares exercised	—	—	—	—
Treasury shares purchased	1,271,632	—	1,271,632	503
AT 31.12.2023	**—**	**—**	**—**	**—**

b) 2022

The change in the number of shares in 2022 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2022	557,672,360	-22,260,000	535,412,360
Shares cancelled	-23,802,871	23,802,871	—
Options and free shares exercised	1,317,073	—	1,317,073
Treasury shares purchased	—	-1,542,871	-1,542,871
AT 31.12.2022	**535,186,562**	**—**	**535,186,562**

The change in treasury shares in 2022 was as follows

In shares	Buyback programme	Allocated to free-share plans	Total	€ millions
At 01.01.2022	22,260,000	—	22,260,000	8,940.0
Shares cancelled	-23,802,871	—	-23,802,871	-9,442.3
Options and free shares exercised	—	—	—	—
Treasury shares purchased	1,542,871	—	1,542,871	502.3
AT 31.12.2022	**-260,000**	**—**	**-260,000**	**—**

c) 2021

The change in the number of shares in 2021 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2021	559,871,580	—	559,871,580
Shares cancelled	-3,000,000	3,000,000	—
Options and free shares exercised	800,780	—	800,780
Treasury shares purchased	—	-25,260,000	-25,260,000
AT 31.12.2021	**557,672,360**	**-22,260,000**	**535,412,360**

The change in treasury shares in 2021 was as follows

In shares	Buyback programme	Allocated to free-share plans	Total	€ millions
At 01.01.2021	—	—	—	—
Shares cancelled	-3,000,000	—	-3,000,000	-1,104.8
Options and free shares exercised	—		—	—
Treasury shares purchased	25,260,000		25,260,000	10,045.0
AT 31.12.2021	**22,260,000**	**—**	**22,260,000**	**8,940.2**

11.3. Other comprehensive income

The following tables indicate movements in this item:

€ millions	31.12.2023	31.12.2022	31.12.2021
Securities at fair value through other comprehensive income			
Reserve at beginning of period	6,637.5	6,485.4	5,293.2
Changes in fair value over period	-76.3	152.1	1,192.2
Changes in fair value recorded through other comprehensive income	—	—	—
RESERVE AT END OF PERIOD	**6,561.2**	**6,637.5**	**6,485.4**

€ millions	31.12.2023	31.12.2022	31.12.2021
Cash flow hedges – foreign exchange			
Reserve at beginning of period	257.3	-29.8	173.8
Changes in fair value over period	-184.6	686.3	-75.2
Changes in fair value recorded through other comprehensive income	55.8	-399.2	-128.4
Deconsolidation and other	-0.1	—	—
RESERVE AT END OF PERIOD	**128.5**	**257.3**	**-29.8**

The table below shows the impact of an increase or decrease of over 10% in the euro and US dollar against other currencies on the foreign exchange cash flow hedging reserve and the market value of the hedging instruments:

€ millions	31.12.2023	31.12.2022	31.12.2021
Impact of a 10% increase in the EUR against all other Group currencies	471.5	444.9	359.9
Impact of a 10% decrease in the EUR against all other Group currencies	-457.2	-432.8	-344.9
Impact of a 10% increase in the USD against key Group currencies	-143.7	-196.5	-80.4
Impact of a 10% decrease in the USD against key Group currencies	157.9	206.4	90.7

€ millions	31.12.2023	31.12.2022	31.12.2021
Cash flow hedges – interest rates			
Reserve at beginning of period	1.4	—	—
Changes in fair value over period	-8.5	—	—
Changes in fair value recorded through other comprehensive income	—	1.4	—
RESERVE AT END OF PERIOD	**-7.1**	**1.4**	**—**

€ millions	31.12.2023	31.12.2022	31.12.2021
Actuarial gains/(losses) and impact of asset ceiling			
Reserve at beginning of period	-302.8	-698.3	-1,283.7
Actuarial gains/(losses) over the period	-116.7	404.9	584.1
Impact of asset ceiling	-2.5	-9.4	1.1
Deconsolidation and other	-0.2	—	0.2
RESERVE AT END OF PERIOD	**-422.2**	**-302.8**	**-698.3**

€ millions	31.12.2023	31.12.2022	31.12.2021
Other comprehensive income			
Gross reserve	6,260.5	6,592.4	5,757.4
Associated tax effect	-136.8	-188.1	-18.8
RESERVE NET OF TAX	**6,123.7**	**6,404.4**	**5,738.6**

11.4. Net profit excluding non-recurring items – Earnings per share

Accounting principles

Earnings per share are calculated in accordance with the rules set out in IAS 33.

Basic earnings per share are obtained on the basis of the weighted average number of shares outstanding during the year, less the average number of treasury shares held deducted from equity.

Where applicable, diluted earnings per share take into account dilutive stock options and free shares in accordance with the "treasury share method", under which sums collected on exercise or purchase are assumed to be allocated firstly to share buybacks at market price.

11.4.1. Reconciliation with net profit

Net profit excluding non-recurring items reconciles as follows with net profit attributable to owners of the company:

€ millions	2023	2022	2021
Net profit from attributable to owners of the company	**6,184.0**	**5,706.6**	**4,597.1**
Capital gains and losses on property, plant and equipment and intangible assets	6.7	7.4	0.4
Impairment of property, plant and equipment and intangible assets	270.6	39.0	337.5
Restructuring costs	88.5	172.6	149.6
Other	84.1	22.5	-55.5
Tax effect on non-recurring items	-100.7	-52.6	-104.4
Non-controlling interests on non-recurring items	-0.2	—	-0.4
Tax effect on acquisitions and internal restructuring	-46.5	158.5	14.2
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY EXCLUDING NON-RECURRING ITEMS	**6,486.6**	**6,054.1**	**4,938.5**

11.4.2. Earnings per share attributable to owners of the company

The tables below set out earnings per share attributable to owners of the company:

2023	Net profit – attributable to owners of the company *(€ millions)*	Number of shares	Earnings per share attributable to owners of the company *(€)*
Earnings per share	6,184.0	535,428,641	11.55
Stock options	—	—	—
Free shares	—	1,592,398	—
DILUTED EARNINGS PER SHARE	**6,184.0**	**537,021,039**	**11.52**

2022	Net profit – attributable to owners of the company *(€ millions)*	Number of shares	Earnings per share attributable to owners of the company *(€)*
Earnings per share	5,706.6	535,898,659	10.65
Stock options	—	—	—
Free shares	—	1,758,889	—
DILUTED EARNINGS PER SHARE	**5,706.6**	**537,657,548**	**10.61**

2021	Net profit – attributable to owners of the company *(€ millions)*	Number of shares	Earnings per share attributable to owners of the company *(€)*
Earnings per share	4,597.1	557,600,698	8.24
Stock options	—	55,463	—
Free shares	—	2,135,384	—
DILUTED EARNINGS PER SHARE	**4,597.1**	**559,791,545**	**8.21**

11.4.3. Earnings per share excluding non-recurring items

The tables below set out in detail earnings per share excluding non-recurring items:

2023	Net profit attributable to owners of the company excluding non-recurring items *(€ millions)*	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items *(€ millions)*
Earnings per share excluding non-recurring items	6,486.6	535,428,641	12.11
Stock options	—	—	—
Free shares	—	1,592,398	—
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**6,486.6**	**537,021,039**	**12.08**

2022	Net profit attributable to owners of the company excluding non-recurring items *(€ millions)*	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items *(€)*
Earnings per share excluding non-recurring items	6,054.1	535,898,659	11.30
Stock options	—	—	—
Free shares	—	1,758,889	—
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**6,054.1**	**537,657,548**	**11.26**

2021	Net profit attributable to owners of the company excluding non-recurring items *(€ millions)*	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items *(€)*
Earnings per share excluding non-recurring items	4,938.5	557,600,698	8.86
Stock options	—	55,463	—
Free shares	—	2,135,384	—
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**4,938.5**	**559,791,545**	**8.82**

11.4.4. Calculation of the number of shares

All potential ordinary shares are included in the calculation of earnings per share since all stock option plans have a dilutive impact on the periods presented.

At 31 December 2023, 311,925,292 shares had been held in registered form for two years making them eligible for the 10% preferential dividend.

Note 12. Provisions for liabilities and charges – Contingent liabilities and material ongoing disputes

12.1. Provisions for liabilities and charges

Accounting principles

Provisions for liabilities and charges are set up to cover probable outflows for the benefit of third parties without any equivalent consideration being received by the Group in return. They mainly relate to restructuring costs, industrial,environmental and commercial risks relating to operations such as breach of contract, product returns, and employee-related risks.

These provisions are estimated on the basis of the most likely assumptions or by using statistical methods, depending on the nature of the risks.

Provisions for liabilities and charges are recorded either as *Non-current liabilities* or as *Current liabilities*, depending on their type. Provisions for liabilities or disputes which must be settled within 12 months of the closing date, and those linked to the normal operating cycle (such as product returns), are recorded as *Current liabilities*. Other provisions for liabilities and charges are recorded as *Non-current liabilities.*

12.1.1. Closing balances

€ millions	31.12.2023	31.12.2022	31.12.2021
Provisions for liabilities and charges	**68.8**	**67.7**	**63.8**
Non-current provisions[(1)]	68.8	67.7	63.8
Current provisions for liabilities and charges	**977.2**	**1,205.6**	**1,223.3**
Provisions for restructuring	100.3	146.1	182.5
Provisions for product returns	338.2	395.3	405.9
Other current provisions[(1)]	538.7	664.2	634.9
TOTAL	**1,046.0**	**1,273.3**	**1,287.1**

(1) This item notably includes provisions for tax risks and litigation excluding corporate income tax, industrial, environmental and commercial risks relating to operations (breach of contract), personnel costs, investments accounted for under the equity method when the Group's share in the net asset is negative, as well as risks relating to investigations carried out by competition authorities of which France for €189.5 million (note 12.2.2.a and b).

12.1.2. Changes in provisions for liabilities and charges during the period

The change in this caption in 2023 can be analysed as follows:

€ millions	31.12.2021	31.12.2022	Charges[2]	Reversals (used)[2]	Reversals (not used)[2]	Other[1]	31.12.2023
Provisions for restructuring	182.5	146.1	52.0	-74.7	-22.4	-0.7	100.3
Provisions for product returns	405.9	395.3	384.8	-367.6	-77.7	3.4	338.2
Other provisions for liabilities and charges	698.7	732.0	322.9	-371.4	-82.8	6.9	607.5
TOTAL	**1,287.1**	**1,273.3**	**759.7**	**-813.7**	**-183.0**	**9.6**	**1,046.0**

(1) Mainly resulting from translation differences.
(2) These figures can be analysed as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	707.7	-547.6	-156.4
Other income and expenses	52.0	-266.1	-26.6
Net financial income	—	—	—

The change in this caption in 2022 can be analysed as follows:

€ millions	31.12.2020	31.12.2021	Charges[2]	Reversals (used)[2]	Reversals (not used)[2]	Other[1]	31.12.2022
Provisions for restructuring	235.1	182.5	81.0	-92.9	-32.3	7.8	146.1
Provisions for product returns	352.4	405.9	468.5	-408.8	-81.5	11.1	395.3
Other provisions for liabilities and charges	694.1	698.7	233.7	-125.9	-86.1	11.6	732.0
TOTAL	**1,281.6**	**1,287.1**	**783.2**	**-627.6**	**-199.8**	**30.5**	**1,273.3**

(1) Mainly resulting from translation differences.
(2) These figures can be analysed as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	681.1	-506.6	-171.0
Other income and expenses	102.1	-121.0	-28.8
Net financial income	—	—	—

The change in this caption in 2021 can be analysed as follows:

€ millions	31.12.2019	31.12.2020	Charges[2]	Reversals (used)[2]	Reversals (not used)[2]	Other[1]	31.12.2021
Provisions for restructuring	113.0	235.1	130.5	-145.2	-45.4	7.5	182.5
Provisions for product returns	351.1	352.4	422.9	-305.4	-84.5	20.4	405.9
Other provisions for liabilities and charges	710.7	694.1	216.2	-97.7	-117.7	3.8	698.7
TOTAL	**1,174.7**	**1,281.6**	**769.6**	**-548.3**	**-247.6**	**31.7**	**1,287.1**

(1) Mainly resulting from translation differences.
(2) These figures can be analysed as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	639.1	-417.1	-155.8
Other income and expenses	130.5	-131.2	-91.8
Net financial income	—	—	—

12.2. Contingent liabilities and material ongoing disputes

L'Oréal is party to several material disputes, described below:

12.2.1. Tax disputes

Brazil – IPI indirect tax base challenged

In January 2015, decree 8.393/2015 stated that commercial companies in Brazil would be liable for the indirect IPI tax on certain products as from 1 May 2015. L'Oréal is challenging the legal grounds of this decree and its application. In light of changes in market practices and a favourable change in the opinion of its advisers, since 1 January 2018 L'Oréal has recognised the IPI collected under income.

L'Oréal received tax reassessment notices regarding the indirect IPI tax for financial years 2008 and 2011 to 2015 totalling €711 million, including interest and penalties. The Brazilian tax authorities are questioning the ex-works sales price to the commercial arm used to calculate the IPI tax base. After consulting with its tax advisors, L'Oréal considers that the Brazilian tax authorities' position is unfounded and has challenged these notices. L'Oréal continues its legal proceedings with the tax and legal authorities.

In light of the negative developments in administrative court decisions on the same matter for other Brazilian groups, L'Oréal funded a provision for €47 million to partially cover this risk.

India – Advertising, marketing and promotional costs challenged

L'Oréal received several tax reassessment notices regarding financial years 2007/08 to 2017/18 and 2019/20 for the most part concerning the tax deductibility of advertising, marketing and promotional expenses for a total amount of €213 million including interest and penalties. After consulting with its tax advisors, L'Oréal decided to contest these notices and continues the legal proceedings with the administrative and legal authorities.

Mutual agreement procedures

Mutual agreement procedures were instigated vis-à-vis the French, Indonesian and Singaporean tax authorities in order to eliminate double taxation following disagreements between these authorities.

The Italian procedure has just been resolved, the tax administrations having agreed to eliminate double taxation.

12.2.2. Investigations carried out by the competition authorities

The national competition authorities in several European countries have launched investigations targeting the cosmetics industry in particular.

a) Europe (excluding France)

In Greece, in its decision passed down on 4 October 2017, the Greek competition authority condemned L'Oréal Hellas to pay a fine of €2.6 million for carrying out anti-competitive practices in 2005-2006. L'Oréal Hellas refuted all allegations of having engaged in anti-competitive practices with other luxury cosmetics manufacturers. The Greek Administrative Court of Appeal quashed this decision on 5 November 2018. The Greek competition authority lodged an appeal in cassation against this decision on 28 January 2019. This appeal was rejected by the Greek Council of State by a ruling on 2 August 2023. This case is therefore definitively closed.

In Germany, after the German competition authority filed a lawsuit in 2008 in the area of personal care products, which was definitively closed in 2015, distributors filed a lawsuit seeking damages against L'Oréal Germany which has resulted in dismissals by the courts at this stage. These proceedings are still ongoing. L'Oréal Germany is contesting the merits of these claims and denies that any damages occurred.

b) France

In France, on 18 December 2014, the French competition authority handed down a fine of €189.5 million against L'Oréal in the hygiene products sector for events that took place in the early 2000s. On 27 October 2016, the Paris Court of Appeal upheld this first instance decision. L'Oréal refutes all accusations of concerted practices with its competitors and regrets that the French competition authority did not take into account the highly competitive French market in household and hygiene products as illustrated by the number of manufacturers and retailers present on the market, the large choice of products available to consumers, and the high degree of innovation and number of product launches.

Following an appeal lodged by L'Oréal, on 27 March 2019, the Court of Cassation partially overturned the ruling relating to the amount of the fine imposed on L'Oréal. On 18 June 2020, the Second Court of Appeal confirmed the initial amount of the fine. L'Oréal lodged a second appeal with the Court of Cassation against this ruling that was rejected on 18 October 2023.

This final ruling has no impact on the Group's income statement and no cash flow impact, as the fine was paid in 2015.

Following this ruling, the distributors filed lawsuits for damages against L'Oréal. These proceedings are in initial stages or resulted in dismissals by the courts. These proceedings are still ongoing. L'Oréal contests the merits of these claims and denies that any damages occurred.

At the present time, no other exceptional events or disputes are highly likely to have a material impact on the earnings, financial situation, assets, or operations of the Company or the L'Oréal Group.

Note 13. Sustainable development and the climate

13.1. Measurement of assets and liabilities

a) Environmental risks

The Group strictly complies with regulations and laws relating to environmental protection, and does not expect current regulations to have any significant impact on the Group's operations, financial position, earnings or assets.

b) Measurement of assets

For many years, L'Oréal has shown a strong commitment to environmental, social and societal responsibility. L'Oréal placed sustainability at the heart of its strategy, with the launch in 2013 of the *Sharing Beauty With All* programme with 2020 targets focused on sustainable production, sustainable innovation, sustainable consumption and shared growth.

In June 2020, L'Oréal initiated the second phase of its commitments to sustainability, under the umbrella of the *L'Oréal for the Future* programme, with a new set of particularly ambitious and concrete targets for 2030, in order to cover all the impacts associated with its value chain: its production and distribution sites as well as its supply chains and the impacts associated with the use of products by consumers.

For example:

- the Group undertakes to reach 100% renewable energy for its sites[1] for all Group sites by 2025, by improving energy efficiency and using 100% renewable energy;
- by 2030, 100% of ingredients in formulas and biobased packaging materials will be traceable and come from sustainable sources. None of them will contribute to deforestation;
- by 2030, 100% of the plastics used in packaging will be from either recycled or biobased sources;
- by 2030, L'Oréal undertakes to innovate to enable its consumers to reduce by 25%, on average and per finished product, the water consumption and greenhouse gas emissions linked to the use of its products, compared to 2016.

The above commitments do not jeopardise the value of the Group's assets or the useful lives of our non-financial assets. In particular:

- our ongoing efforts to bring our products in line with consumer demand as part of *L'Oréal for the Future* are included in the Group's short-term strategic plans used in impairment tests on intangible assets with an indefinite useful life and have no impact on the book value of the assets;
- to date, the adaptation of our plants and product formulas has not led us to identify any risk of our production lines becoming obsolete and does not call into question the depreciation period of assets.

Furthermore, based on data from the climate study on environmental risks, the impact of climate change on consumer behaviour was taken into account in the business plans used for impairment tests of intangible assets and is, to date, considered as having no significant impact on the carrying value of the assets.

13.2. Financing, investments and compensation

The Group's *L'Oréal for the Future* programme rests on its financing, short- and long-term investment and compensation strategies.

a) Financing

The credit lines indexed to the Group's sustainability performance incorporate a borrowing cost adjustment mechanism.

The L'Oréal Group has a syndicated loan from 20 banks (€5 billion), which had not been used at the end of December 2023. This loan incorporates a mechanism whereby the margin is adjusted in line with the Group's performance with regard to four ESG KPIs: climate, biodiversity, resources and social commitment.

The Group issued in 2022 a €3 billion bond, one tranche of which in an amount of €1,250 million is sustainability-linked (note 9.1).

b) Short-term investment

The Group's available cash is mainly invested in SRI SICAV money-market funds (60% of all short-term investment in 2023) and term accounts (40% of all short-term investment in 2023 of which 70% in CSR STI).

c) Long-term investment

The Group recorded a total of €191 million in non-current financial assets related to sustainability activities, measured at fair value through equity (note 9.3).

- At the end of 2021, investment in *Circular Innovation Fund* amounting to €50 million. L'Oréal is one of the main contributors to this fund, that aims at financing innovative companies in the field of recycling, plastic waste management or even materials from the bioeconomy.
- In 2020, the creation of a fund for Nature Regeneration to financially support projects to restore natural marine, forest and agricultural ecosystems (€75 million of which €50 million intended to support the fund's actions).
- Investment in start-ups (€66 million in total):
  - including the Swiss environmental technology firm Gjosa, which developed innovative water saving solutions, the French biotech company Global Bioenergies, which developed a process to convert plant-based resources, the Green Chemistry start-up Carbios, which developed enzymatic processes for plastic biodegradation and biorecycling and the French biotech Microphyt which developped a process with a low carbon impact to produce microalgae;

(1) *Excluding safety equipment.*

- in 2023, minority stakes were acquired, including the American biotech company led by Geno, whose aim is to create sustainable alternatives to key ingredients, as well as the American biotech company Debut, which specializes in the discovery, formulation and manufacturing of innovative natural and complex ingredients and products, usable in a multitude of more efficient and more sustainable beauty products.

d) Remuneration

The variable portion of the Chief Executive Officer's current remuneration incorporates quantitative and qualitative nonfinancial objectives, including objectives associated with the L'Oréal for the Future programme. Since 2016, non-financial objectives in line with the Group's goals for sustainability have been included in the variable remuneration of the top management, including international brand managers and country managers.

For the conditional grant of free shares, plans since 2022 stipulate the fulfilment of non-financial performance criteria, of which:

- the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme;
- gender balance within strategic positions including the Executive Committee.

At 31 December 2023, these performance conditions of an extra-financial nature were deemed achieved.

Note 14. Off-balance sheet commitments

14.1. Lease commitments

These amounted to €91.0 million at 31 December 2023 compared with €122.7 million at 31 December 2022 and €257.9 million at 31 December 2021, of which:

- €39.4 million was due within one year at 31 December 2023, compared with €46.7 million at 31 December 2022 and €45.1 million at 31 December 2021;
- €47.0 million was due within one to five years at 31 December 2023, compared with €61.3 million at 31 December 2022 and €76.9 million at 31 December 2021;
- €4.6 million was due in over five years at 31 December 2023, compared with €14.8 million at 31 December 2022 and €135.9 million at 31 December 2021.

14.2. Other off-balance sheet commitments

Confirmed credit lines are discussed in note 9.1.10.

Other significant off-balance sheet commitments have been identified and measured. They chiefly fall due within one year and are as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Guarantees given(1)	279.0	308.9	312.2
Guarantees received	126.5	110.4	76.8
Capital expenditure orders(2)	581.7	508.0	504.2
Firm purchase commitments under logistics supply and service contracts(3)	2,237.7	1,852.1	1,341.5

(1) These consist mainly of guarantees given to governmental bodies or concerning loans granted to third parties who are partners of the Group, and the net commitment toward the L'Oréal Foundation for its long-term action programme and commitment to pay into the fund dedicated to rebuilding the Notre-Dame Cathedral.
(2) Despite their strategic nature, none of these investments taken individually is material enough at Group level to warrant more detailed disclosure.
(3) Including irrevocable commitments for energy purchase contracts, particularly on green energies such as purchase power agreements recognized as own use.

Note 15. Transactions with related parties

15.1. Transactions with associated companies (Related parties)

Equity-accounted companies include joint ventures only.

The consolidated financial statements include transactions carried out between the Group and its equity-accounted companies, considered to be related parties. The main transactions with these related parties and the associated outstanding balances are as follows:

€ millions	2023	2022	2021
Sales of goods and services	—	—	—
Financial expenses and income	—	—	—

The following receivables and payables were recorded on the balance sheet for the related parties:

€ millions	31.12.2023	31.12.2022	31.12.2021
Operating receivables	—	—	0.1
Operating payables	—	—	—
Financial receivables	0.1	0.1	0.1

15.2. Related parties with a significant influence on the Group

L'Oréal has been informed that on 16 December 2016, the members of the Bettencourt Meyers family group, and Mr. Jean-Paul Agon for 100 shares, signed lock-up agreements under the Dutreil law for 185,704,189 L'Oréal shares representing 33.065% of the capital and of the voting rights of the Company on the date of the agreement.

The lock-up agreements were concluded in application of Articles 787 B and 885 I *bis* of the French General Tax Code for a period of two years, tacitly renewable for one-year periods. They do not include any preferential rights for sales or acquisitions for the benefit of the signatories and do not constitute a concerted action vis-à-vis the Company.

On 29 December 2023, the agreements concluded in 2016 were terminated and a new lock-up agreement was concluded pursuant to Article 787 B of the French General Tax Code, representing the same number of L'Oréal shares and similar to those concluded in 2016, with the addition of the company Financière L'Arcouest (controlled by Ms Françoise Bettencourt Meyers and her family) as a signatory.

Note 16. Fees accruing to auditors and members of their networks payable by the Group

FEES FOR THE 2023 FINANCIAL YEAR

	Ernst & Young Audit				Deloitte & Associés			
	Auditor Ernst & Young Audit		Network		Auditor Deloitte & Associés		Network	
€ millions excl. VAT	Amount	As a %	Amount	As a %	Amount	As a %	Amount	As a %
Review of interim, company and consolidated financial statements								
L'Oréal	1.7	55%	n/a	n/a	1.8	52%	n/a	n/a
Fully consolidated subsidiaries	0.9	29%	4.8	61%	0.9	27%	5.6	77%
Subtotal	**2.6**	**84%**	**4.8**	**61%**	**2.7**	**79%**	**5.6**	**77%**
Non-audit services[(1)]								
L'Oréal	0.5	16%	2.6	—	0.7	21%	0.6	—
Fully consolidated subsidiaries	—	—%	0.5	6%	—	—	1.1	15%
Subtotal	**0.5**	**16%**	**3.1**	**39%**	**0.7**	**21%**	**1.7**	**23%**
TOTAL	**3.1**	**100%**	**7.9**	**100%**	**3.4**	**100%**	**7.3**	**100%**

(1) Mainly concerning acquisition audits and IT services.

FEES FOR THE 2022 FINANCIAL YEAR

	Ernst & Young Audit				Deloitte & Associés			
	Auditor Ernst & Young Audit		Network		Auditor Deloitte & Associés		Network	
€ millions excl. VAT	Amount	As a %	Amount	As a %	Amount	As a %	Amount	As a %
Review of interim, company and consolidated financial statements								
L'Oréal	1.6	64%	n/a	n/a	1.5	56%	n/a	n/a
Fully consolidated subsidiaries	0.7	29%	4.7	53%	0.6	22%	5.0	64%
Subtotal	**2.3**	**93%**	**4.7**	**53%**	**2.1**	**78%**	**5.0**	**64%**
Non-audit services(1)								
L'Oréal	0.2	7%	2.3	26%	0.6	22%	1.3	16
Fully consolidated subsidiaries	—	—	1.9	21%	—	—	1.6	20%
Subtotal	**0.2**	**7%**	**4.2**	**47%**	**0.6**	**22%**	**2.9**	**36%**
TOTAL	**2.5**	**100%**	**8.9**	**100%**	**2.7**	**100%**	**7.9**	**100%**

(1) *Mainly concerning acquisition audits.*

Note 17. Subsequent events

On 9 January 2024, L'Oréal announced the signing of an agreement to acquire the entire capital of Gjosa, the Swiss company pioneer in the development of water micronization technology. L'Oréal had already made a first minority investment in Gjosa in 2021 *via* its venture capital fund, BOLD (Business Opportunities for L'Oréal Development). The closing was finalized on 31 January 2024.

5.7. Consolidated companies at 31 December 2023

5.7.1. Fully consolidated companies

Company	Head office	% interest
2. L'ORÉAL VERWALTUNGS GmbH	Germany	100.00%
AĒSOP (SHANGHAI) COMMERCIAL AND TRADING CO., LTD	China	100.00%
AĒSOP (THAILAND) LIMITED	Thailand	100.00%
AĒSOP AUSTRALIA PTY LTD	Australia	100.00%
AĒSOP AUSTRIA GmbH	Austria	100.00%
AĒSOP BELGIUM BVBA	Belgium	100.00%
AĒSOP BRASIL COMERCIO DE COSMETICOS LTDA	Brazil	100.00%
AĒSOP CANADA, INC.	Canada	100.00%
AĒSOP COSMETICS AUSTRALIA PTY LTD	Australia	100.00%
AĒSOP COSMETICS SPAIN, S.L.	Spain	100.00%
AĒSOP DENMARK ApS	Denmark	100.00%
AĒSOP FRANCE	France	100.00%
AĒSOP GERMANY GmbH	Germany	100.00%
AĒSOP HONG KONG LIMITED	Hong Kong SAR	100.00%
AĒSOP ITALY S.R.L.	Italy	100.00%
AĒSOP JAPAN	Japan	100.00%
AĒSOP KOREA YUHAN HOE SA	Korea	100.00%
AĒSOP MACAU LIMITED	Macau	100.00%
AĒSOP MALAYSIA SDN BHD	Malaysia	100.00%
AĒSOP NETHERLANDS B.V.	The Netherlands	100.00%
AĒSOP NEW ZELAND LIMITED	New Zealand	100.00%
AĒSOP NORWAY AS	Norway	100.00%
AĒSOP RETAIL PTY LTD	Australia	100.00%
AĒSOP SINGAPORE PTE LTD	Singapore	100.00%
AĒSOP SWEDEN AB	Sweden	100.00%
AĒSOP SWITZERLAND AG	Switzerland	100.00%
AĒSOP UK LIMITED	United Kingdom	100.00%
AĒSOP USA, INC.	United States	100.00%
ATELIER COLOGNE (as a sub-group)	France	100.00%
AZZARO MUGLER BEAUTÉ France	France	100.00%
BAKSKINCARE ApS	Denmark	100.00%
BEAUTÉ, RECHERCHE & INDUSTRIES	France	100.00%
BEAUTYCOS INTERNATIONAL COMPANY LIMITED	China	100.00%
BEAUTYLUX INTERNATIONAL COSMETICS (SHANGHAI) CO LTD	China	100.00%
BIOTHERM	Monaco	99.80%
BOLD Business Opportunities for L'Oréal Development	France	100.00%
CANAN KOZMETIK SANAYI VE TICARET A.S.	Turkey	100.00%
CENTRE LOGISTIQUE D'ESSIGNY	France	100.00%
CENTRE THERMAL DE LA ROCHE-POSAY	France	100.00%
COBEL SA COSMETICOS, S.A.	Spain	100.00%
COMPTOIR LAINIER AFRICAIN	Morocco	100.00%
COSBEL S.A. de C.V.	Mexico	100.00%
COSMELOR LTD	Japan	100.00%
COSMEPHIL HOLDINGS CORPORATION PHILIPPINES	The Philippines	100.00%

Company	Head office	% interest
COSMÉTIQUE ACTIVE INTERNATIONAL	France	100.00%
COSMÉTIQUE ACTIVE PRODUCTION	France	100.00%
EGYPTELOR LLC	Egypt	100.00%
ELEBELLE (PROPRIETARY) LIMITED	South Africa	100.00%
EMEIS COSMETICS PTY LTD	Australia	100.00%
EMEIS HOLDINGS PTY LTD	Australia	100.00%
EMEIS TRADING PTY LTD	Australia	100.00%
EPISKIN	France	99.92%
EPISKIN BRASIL BIOTECNOLOGIA EIRELI	Brazil	99.92%
ERWITON S.A.	Uruguay	100.00%
FAPAGAU & CIE	France	100.00%
FAPROREAL	France	100.00%
FINVAL	France	100.00%
FITNE GESUNDHEIT UND WELLNESS GmbH	Germany	100.00%
FRABEL S.A. de C.V.	Mexico	100.00%
GEMEY PARIS – MAYBELLINE NEW YORK	France	100.00%
GUANGZHOU L'ORÉAL BUYCOOR INTERNET SCIENCE & TECHNOLOGY CO., LTD	China	100.00%
HELENA RUBINSTEIN ITALIA S.p.A.	Italy	100.00%
HOLDIAL	France	100.00%
INTERBEAUTY PRODUCTS LIMITED	Kenya	100.00%
JSC L'ORÉAL	Russia	100.00%
KOSMEPOL Sp. z.o.o.	Poland	100.00%
L & J RE	France	100.00%
L'ORÉAL (CHINA) CO. LTD	China	100.00%
L'ORÉAL (THAILAND) LIMITED	Thailand	100.00%
L'ORÉAL (UK) LIMITED	United Kingdom	100.00%
L'ORÉAL ADRIA d.o.o.	Croatia	100.00%
L'ORÉAL AMERICA LATINA S.A. DE C.V.	Mexico	100.00%
L'ORÉAL ARGENTINA Sociedad Anonima	Argentina	100.00%
L'ORÉAL AUSTRALIA PTY LTD	Australia	100.00%
L'ORÉAL BALKAN d.o.o.	Serbia	100.00%
L'ORÉAL BALTIC SIA	Latvia	100.00%
L'ORÉAL BANGLADESH LIMITED	Bangladesh	100.00%
L'ORÉAL BELGILUX S.A.	Belgium	100.00%
L'ORÉAL BRASIL COMERCIAL DE COSMÉTICOS LTDA	Brazil	100.00%
L'ORÉAL BRASIL PESQUI SAS E INOVACAO LTDA	Brazil	100.00%
L'ORÉAL BULGARIA EOOD	Bulgaria	100.00%
L'ORÉAL CANADA, INC.	Canada	100.00%
L'ORÉAL CENTRAL AMERICA S.A.	Panama	100.00%
L'ORÉAL CENTRAL WEST AFRICA LTD	Nigeria	100.00%
L'ORÉAL CESKA REPUBLIKA s.r.o.	Czech Republic	100.00%
L'ORÉAL CHILE S.A.	Chile	100.00%
L'ORÉAL COLOMBIA S.A.S.	Colombia	100.00%
L'ORÉAL COSMETICS INDUSTRY S.A.E.	Egypt	100.00%
L'ORÉAL DANMARK A/S	Denmark	100.00%
L'ORÉAL DEUTSCHLAND GmbH	Germany	100.00%
L'ORÉAL EAST AFRICA LIMITED	Kenya	100.00%
L'ORÉAL EGYPT LLC	Egypt	100.00%
L'ORÉAL ESPANA S.A.U.	Spain	100.00%

Company	Head office	% interest
L'ORÉAL FINLAND OY	Finland	100.00%
L'ORÉAL FRANCE	France	100.00%
L'ORÉAL GUATEMALA S.A.	Guatemala	100.00%
L'ORÉAL HELLAS S.A.	Greece	100.00%
L'ORÉAL HONG KONG LIMITED	Hong Kong SAR	100.00%
L'ORÉAL INDIA PRIVATE LIMITED	India	100.00%
L'ORÉAL INTERNATIONAL DISTRIBUTION	France	100.00%
L'ORÉAL ISRAEL LTD	Israel	92.97%
L'ORÉAL ITALIA S.p.A.	Italy	100.00%
L'ORÉAL KAZAKHSTAN Limited Liability Partnership	Kazakhstan	100.00%
L'ORÉAL KOREA LIMITED	Korea	100.00%
L'ORÉAL LIBAN SAL	Lebanon	100.00%
L'ORÉAL LIBRAMONT	Belgium	100.00%
L'ORÉAL MAGYARORSZAG KOZMETIKAI Kft	Hungary	100.00%
L'ORÉAL MALAYSIA SDN BHD	Malaysia	100.00%
L'ORÉAL MANUFACTURING MIDRAND (PROPRIETARY) LIMITED	South Africa	100.00%
L'ORÉAL MAROC	Morocco	50.00%
L'ORÉAL MEXICO S.A. de C.V.	Mexico	100.00%
L'ORÉAL MIDDLE EAST	United Arab Emirates	100.00%
L'ORÉAL NEDERLAND B.V.	The Netherlands	100.00%
L'ORÉAL NEW ZEALAND LIMITED	New Zealand	100.00%
L'ORÉAL NORGE AS	Norway	100.00%
L'ORÉAL ÖSTERREICH GmbH	Austria	100.00%
L'ORÉAL PAKISTAN PRIVATE LIMITED	Pakistan	100.00%
L'ORÉAL PANAMA S.A.	Panama	100.00%
L'ORÉAL PERU S.A.	Peru	100.00%
L'ORÉAL PHILIPPINES, INC.	The Philippines	100.00%
L'ORÉAL POLSKA Sp. z.o.o.	Poland	100.00%
L'ORÉAL PORTUGAL UNIPESSOAL, LDA	Portugal	100.00%
L'ORÉAL PRODUITS DE LUXE INTERNATIONAL	France	100.00%
L'ORÉAL PRODUKTION DEUTSCHLAND BETEILIGUNGS GmbH	Germany	100.00%
L'ORÉAL PRODUKTION DEUTSCHLAND GmbH & CO KG	Germany	100.00%
L'ORÉAL ROMANIA SRL	Romania	100.00%
L'ORÉAL SAIPO INDUSTRIALE S.p.A.	Italy	100.00%
L'ORÉAL SAUDI ARABIA	Saudi Arabia	78.48%
L'ORÉAL SINGAPORE Pte Ltd	Singapore	100.00%
L'ORÉAL SLP S.A. de C.V.	Mexico	100.00%
L'ORÉAL SOUTH AFRICA HOLDINGS (PROPRIETARY) LIMITED	South Africa	100.00%
L'ORÉAL SUISSE S.A.	Switzerland	100.00%
L'ORÉAL SVERIGE AB	Sweden	100.00%
L'ORÉAL TAIWAN CO., LTD.	Taiwan Region	100.00%
L'ORÉAL TRAVEL RETAIL	France	100.00%
L'ORÉAL TRAVEL RETAIL AMERICAS, INC.	United States	100.00%
L'ORÉAL TÜRKIYE KOZMETIK SANAYI VE TICARET ANONIM SIRKETI	Turkey	100.00%
L'ORÉAL U A E GENERAL TRADING LLC	United Arab Emirates	100.00%
L'ORÉAL UKRAINE	Ukraine	100.00%
L'ORÉAL URUGUAY S.A.	Uruguay	100.00%

Company	Head office	% interest
L'ORÉAL U SA, INC. (as a sub-group)	United States	100.00%
L'ORÉAL VIETNAM CO. LTD	Vietnam	100.00%
L'ORÉAL WEST AFRICA LIMITED	Ghana	100.00%
LA ROCHE-PO SAY LABORATOIRE DERMATOLOGIQUE	France	99.98%
LABORATORIOS DE COSMETICOS VOGUE S.A.S.	Colombia	100.00%
LACTOBIO A/S	Denmark	100.00%
LIBRAMONT ÉNERGIES VERTES	Belgium	100.00%
LOA15	France	100.00%
LOA6	France	100.00%
LOA6 U SA, INC.	United States	100.00%
LUXURY OF RETAIL	France	100.00%
MAGIC HOLDINGS (as a sub-group)	China	100.00%
MASRELOR LLC	Egypt	100.00%
MATRIX DISTRIBUTION GmbH	Germany	100.00%
MODIFACE INC.	Canada	100.00%
MUGLER FASHION	France	100.00%
NANDA CO. LTD	Korea	100.00%
NANDA JAPAN K.K.	Japan	100.00%
NANTONG L'ORÉAL SUPPLY CHAIN MANAGEMENT CO., LTD	China	100.00%
NEW SOPROREAL	France	100.00%
NIHON L'ORÉAL KABUSHIKI KAISHA	Japan	100.00%
NLO KABUSHIKI KAISHA	Japan	100.00%
NOVEAL	France	100.00%
NYX PROFESSIONAL MAKEUP SPRL/BVBA	Belgium	100.00%
P.T. L'ORÉAL INDONESIA	Indonesia	100.00%
P.T. YASULOR INDONESIA	Indonesia	100.00%
PRESTIGE ET COLLECTIONS INTERNATIONAL	France	100.00%
PROCO SA PRODUCTOS DE BELEZA LTDA	Brazil	100.00%
PRODUCTOS CAPILARES L'ORÉAL S.A.	Spain	100.00%
REAL CAMPUS BY L'ORÉAL	France	100.00%
SALONCENTRIC CANADA LP	Canada	100.00%
SCENTAL LIMITED	Hong Kong SAR	100.00%
SCIENCEMD	France	100.00%
SHANGHAI EPISKIN BIOTECHNOLOGY CO. LTD	China	99.92%
SHANGHAI L'ORÉAL INTERNATIONAL TRADING CO. LTD	China	100.00%
SHANGHAI MEICIFANG BUSINESS CONSULTING CO. LTD	China	100.00%
SHANGHAI MEICIFANG INVESTMENT CO., LTD.	China	100.00%
SHU UEMURA COSMETICS INC.	Japan	100.00%
SICOS & CIE	France	100.00%
SOCIÉTÉ HYDROMINÉRALE DE LA ROCHE PO SAY – S.H.R.P.	France	99.98%
SOPROCOS	France	100.00%
SOPROREAL	France	100.00%
SPARLYS	France	100.00%
SUZHOU L'ORÉAL SUPPLY CHAIN MANAGEMENT CO., LTD	China	100.00%
TAIWAN AESOP COSMETICS COMPANY LIMITED BY SHARES	Taiwan Region	100.00%
TAKAMI CO., LTD	Japan	100.00%
THERMES DE SAINT GERVAIS LES BAINS LE FAYET	France	100.00%
YICHANG TIANMEI INTERNATIONAL COSMETICS CO LTD	China	100.00%

5.7.2. Equity-accounted companies

Company	Head office	% interest
INNEOV ARGENTINA S.A.	Argentina	50.00%[1]
INNEOV DEUTSCHLAND GmbH	Germany	50.00%[1]
INNEOV MEXICO S.A. DE C.V.	Mexico	50.00%[1]
INNEOV TAIWAN CO. LTD	Taiwan Region	50.00%[1]
LIPP DISTRIBUTION	Tunisia	49.00%
LOSHIAN CO., LTD	Korea	40.00%
NUTRICOS TECHNOLOGIES	France	50.00%[1]
SALON INTERACTIVE, INC.	United States	38.32%
SCI GOLF DU CONNÉTABLE	France	38.12%

(1) Companies jointly owned with Nestlé.

5.8. Statutory Auditors' Report on the Consolidated Financial Statements

Year ended December 31, 2023

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or the verification of the information concerning the Group presented in the management report and other documents provided to the shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Oréal,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of L'Oréal for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill and indefinite-life brands

See Notes 7.1 "Goodwill", 7.2 "Other intangible assets", 7.3 "Impairment tests of intangible assets" and 4 "Other operating income and expenses", to the consolidated financial statements

Risk identified	Our response
As at December 31, 2023, the net book value of goodwill and that of indefinite-life brands amounted respectively to M€ 13,103 and M€ 2,653 (representing a total of 30% of assets) as described in Note 7 to the consolidated financial statements. These assets are subject to an impairment test whenever an adverse event occurs, and at least once a year, in order to verify that their book value does not exceed their recoverable value. The recoverable values of each cash-generating unit (CGU) are determined based on the discounted projections of future operating cash flows over a ten-year period (the necessary period for the strategic positioning of an acquisition) and a terminal value. The assumptions taken into account in the valuation of the recoverable value are described in Note 7.3 and mainly relate to: • the increase in revenue and the margin rate; • an infinite growth rate for calculating the terminal value, and • discount rates based on the weighted average cost of capital, including a country risk premium if necessary. The impairment tests carried out in 2023 showed an impairment of M€ 250 on goodwill and an impairment of M€ 20 on brands. We considered the valuation of these assets to be a key audit matter given their relative proportion in the consolidated financial statements, and because determining their recoverable value requires significant judgment from Management in order to determine future cash flow projections and the key assumptions used.	We obtained an understanding of Management's methodology for conducting impairment tests and sensitivity analyses. We evaluated these, especially by reconciling them with our own sensitivity analyses, in order to define the nature and scope of our work. We assessed the quality of the budgeting and forecasting processes. For the impairment tests of the assets considered the most sensitive, our work consisted in particular in assessing the reasonableness of the main estimates, and more specifically in: • assessing the consistency of revenue and margin rate projections with your Group's past performance and the economic and financial context in which your Group operates; • corroborating the future growth rates used with the performance analyses of the global cosmetics market, taking into account the specificities of the local markets and the distribution channels in which your Group operates; • analyzing the discount rates applied to future cash flows by comparing the parameters used with external references, long-term growth rates and royalty rates by including valuation experts in our team; • examining sensitivity analyses against Management's key assumptions and against our own analyses. We assessed the appropriateness of the information given in the notes to the consolidated financial statements.

Revenue recognition: estimation of items deducted from revenue

See Note 3 "Operating items - Sector-specific information - Accounting principles – Revenue", to the consolidated financial statements

Risk identified	Our response
Your Group's revenue is presented net of product returns and discounts, rebates and other benefits granted to distributors or consumers (such as commercial cooperation), as described in Note 3 to the consolidated financial statements. These various deductions from revenue are recorded simultaneously with the recognition of sales in particular on the basis of contractual conditions and statistical data from past experience. At the end of the financial year, the valuation of the revenue thus includes estimates related to the amounts deducted, which we considered to be (i) complex, due to the diversity of contractual agreements and commercial conditions existing in your Group's various markets, (ii) sensitive, the revenue being a key indicator in the valuation of your Group's and its Management's performance, and (iii) significant, given their impact in the financial statements. The valuation of product returns, discounts, rebates and other benefits granted to customers therefore constitutes a key audit matter.	We assessed the appropriateness of your Group's accounting principles relating to the recognition of product returns, discounts, rebates and other benefits granted to customers, in accordance with IFRS. We obtained an understanding of the internal control system put in place in your Group's commercial entities, which allows the valuation and recognition of the items deducted from the revenue, especially at closing, and we tested, by sampling, the main controls of this system. We also carried out substantial tests in order to assess the reasonableness of the product returns and customer benefits estimates. These tests specifically consisted in: • analyzing the valuation methods used, in particular by critically examining the assumptions used, checking the permanence of the methods and analyzing the anteriority and unwinding of the previous financial year's provisions; • reconciling the statistical data from past experience and contractual conditions with the data contained in the information systems used to manage commercial conditions; • verifying the arithmetic accuracy of the calculation of the corresponding entries (including the residual commitment at closing), their recording in the accounts and their presentation in the consolidated financial statements.

Valuation of provisions for tax risks and uncertain tax positions

See Notes 6 "Income taxes" and 12 "Provisions for risks and expenses – Contingent liabilities and significant outstanding litigation", to the consolidated financial statements

Risk identified	Our response
Your Group is exposed to various business risks, including tax risks. When the amount or maturity can be assessed with sufficient reliability, a tax liability is recognized for these risks. Otherwise, your Group discloses information on contingent liabilities in the notes to the consolidated financial statements. Note 12.2.1 "Tax disputes" sets out, in particular, the current tax disputes in Brazil and in India, for which the administration's claims amount to M€ 711 and M€ 213, respectively. The uncertain tax positions are classified in the balance sheet on the non-current tax liabilities line for M€ 256 as at December 31, 2023. The identification and valuation of these items are considered to be a key audit matter, given: • the high level of judgment required of Management to determine the risks which need to be provisioned, and to valuate the amounts to be provisioned with sufficient reliability; • the potential significant impact of these provisions on your Group's income.	In order to identify and obtain an understanding of all uncertain tax positions, existing liabilities and related judgments, we had discussions with tax departments at different levels of the organization, in France and abroad. We obtained an understanding of the internal control system put in place to identify and assess these risks. We reconciled the list of identified tax disputes with the information provided by your Group's tax departments and the main tax advisors. As for the main uncertain tax positions and tax risks for which a liability is made, we assessed the quality of Management's estimates by considering the data and assumptions used, as well as the calculations made. We also conducted a retrospective analysis by comparing the amounts paid over the last few years with the amounts previously provisioned. By including tax experts into our team when necessary, we: • examined procedural matters and/or tax or technical opinions issued by external advisors selected by Management, in order to assess the appropriateness of a liability; • carried out, on the basis of the information submitted to us, a critical review of the risk estimates, and verified that the assessments used by Management are within these acceptable ranges; • verified the continuation of the methods used for these assessments, when necessary. With regards to contingent liabilities, by including tax experts when necessary, we examined the procedural items and/or the tax or technical opinions issued by external advisors chosen by Management in order to assess the appropriateness of a lack of provision. We assessed the appropriateness of the information given in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 4511-2, I of the French Monetary and Financial Code (-*Code monétaire et financier*), prepared under the Chief Executive Officer’s responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF *(Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of L'Oréal by your annual general meeting held on April 29, 2004 for DELOITTE & ASSOCIES and on April 21, 2022 for ERNST & YOUNG Audit.

As at December 31, 2023, DELOITTE & ASSOCIES was in the twentieth year of total uninterrupted engagement and ERNST & YOUNG Audit in the second year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris–La Défense, February 16, 2024

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES
David Dupont-Noel

ERNST & YOUNG Audit
Céline Eydieu-Boutté

6

Parent Company Financial Statements AFR

AFR *This information is an integral part of the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code.*

The individual financial statements set out in this chapter are those of the L'Oréal parent company. They show the financial situation of the parent company stricto sensu. Unlike the consolidated financial statements, they do not include the results of the Group's subsidiaries.

The information regarding the parent company financial statements that was previously included in the Management Report of the Board of Directors is now included in this chapter. The pages concerned are the table showing the main changes and thresholds crossed regarding investments in subsidiaries, the five-year financial summary and the amount of expenses and charges provided for in Article 223 *quater* of the French General Tax Code, and the table showing invoices issued and received, not paid at the closing date of the financial year and in arrears, provided for by Articles L. 441-14 and D. 441-6 of the French Commercial Code. The Statutory Auditor's Report on the parent company financial statements completes this information.

6.1. Compared Income Statements

€ millions	Notes	31.12.2023	31.12.2022	31.12.2021
Operating revenue		**6,909.6**	**7,164.5**	**5,944.5**
Sales	2	5,982.7	6,282.0	5,255.4
Reversals of provisions and transfers of charges		169.9	168.4	135.6
Other revenue	3	757.0	714.1	553.5
Operating expenses		**-5,917.1**	**-6,290.3**	**-5,297.1**
Purchases and change in inventories		-478.9	-792.8	-705.4
Other purchases and external charges		-3,296.1	-3,309.4	-2,659.0
Taxes and similar payments		-120.6	-129.7	-135.4
Personnel costs		-1,307.6	-1,376.3	-1,276.7
Depreciation, amortisation and charges to provisions	5	-381.3	-314.2	-288.7
Other charges		-332.6	-367.9	-231.9
Operating profit		**992.5**	**874.2**	**647.4**
Net financial revenue	6	5,124.1	11,711.7	3,517.1
Net charges/reversals of provisions and transfers of charges	6	-2,010.5	108.1	-183.4
Exchange gains and losses		35.8	-316.1	-93.6
Net financial income		**3,149.4**	**11,503.7**	**3,240.1**
Profit before tax and exceptional items		**4,141.9**	**12,377.9**	**3,887.5**
Exceptional items	**7**	**-113.8**	**246.6**	**2.1**
Employee Profit Sharing		-37.7	-31.0	-27.4
Income tax	8	-164.1	-250.4	-1.7
NET PROFIT		**3,826.3**	**12,343.1**	**3,860.5**

6.2. Compared Balance Sheets

ASSETS

€ millions (net values)	Notes	31.12.2023	31.12.2022	31.12.2021
Intangible assets	11	4,258.1	4,876.4	4,607.4
Tangible assets	12	439.2	625.3	573.4
Financial assets	13	20,353.0	17,274.6	19,272.1
Non-current assets		**25,050.3**	**22,776.3**	**24,452.9**
Inventories		0.9	135.6	102.3
Prepayments to suppliers		12.5	11.6	6.4
Trade accounts receivable	15	722.9	1,030.9	770.2
Other current assets	15	347.8	513.6	515.0
Marketable securities and cash instruments	14	72.0	76.8	33.4
Cash and cash equivalents	26	347.1	618.0	0.6
Current assets		**1,503.2**	**2,386.5**	**1,427.9**
Prepaid expenses		61.0	90.8	84.4
Bond redemption premiums		7.4	0.0	0.0
Unrealised exchange losses	20	45.4	59.6	188.2
TOTAL ASSETS		**26,667.3**	**25,313.3**	**26,153.4**

LIABILITIES

€ millions	Notes	31.12.2023	31.12.2022	31.12.2021
Share capital		106.9	107.0	111.5
Additional paid-in capital		3,370.2	3,368.7	3,265.6
Reserves and retained earnings		11,267.8	2,673.0	10,813.1
Net profit		3,826.3	12,343.1	3,860.5
Regulated provisions		16.9	22.0	29.9
Shareholders' equity		**18,588.1**	**18,513.8**	**18,080.6**
Provisions for liabilities and charges	**17**	**320.3**	**596.6**	**878.3**
Borrowings and debt	18	6,555.3	3,872.1	4,946.5
Trade accounts payable	19	597.1	1,201.8	994.7
Other current liabilities	19	543.9	1,051.2	1,234.8
Other liabilities		**7,696.3**	**6,125.1**	**7,176.0**
Unrealised exchange gains	**20**	**62.6**	**77.8**	**18.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**26,667.3**	**25,313.3**	**26,153.4**

6.3. Changes in Shareholders' Equity

The share capital comprises 534,725,475 shares with a par value of €0.2 each following transactions carried out in financial year 2023:

- issue of 34,020 shares under the employee shareholding plan;
- issue of 776,525 free shares;
- cancellation of 1,271,632 shares.

Changes in shareholders' equity are as follows:

€ millions	Share capital	Additional paid-in capital	1976 revaluation reserve	Reserves and retained earnings	Net profit for the financial year	Regulated provisions and investment grants	Total
Balance at 31 December 2020 before appropriation of net profit	**112.0**	**3,259.8**	**42.5**	**9,977.6**	**4,158.8**	**36.2**	**17,586.8**
Capital increase	0.1	5.8					5.9
Cancellation of shares	-0.6			-1,101.3			-1,101.9
Appropriation of 2020 net profit				1,894.4	-1,894.4		0.0
Dividends paid for 2020					-2,264.4		-2,264.4
Financial year 2021 net profit					3,860.5		3,860.5
Other movements during the period				-0.1		-6.3	-6.4
Balance at 31 December 2021 before appropriation of net profit	**111.5**	**3,265.6**	**42.5**	**10,770.6**	**3,860.5**	**29.9**	**18,080.6**
Capital increase	0.3	103.1					103.4
Cancellation of shares	-4.8			-9,399.4			-9,404.2
Appropriation of 2021 net profit				1,259.3	-1,259.3		0.0
Dividends paid for 2021					-2,601.2		-2,601.2
Financial year 2022 net profit					12,343.1		12,343.1
Other movements during the period						-7.9	-7.9
Balance at 31 December 2022 before appropriation of net profit	**107.0**	**3,368.7**	**42.5**	**2,630.5**	**12,343.1**	**22.0**	**18,513.8**
Capital increase	0.2	1.5					1.7
Cancellation of shares	-0.3			-499.7			-500.0
Appropriation of 2022 net profit				9,094.7	-9,094.7		0.0
Dividends paid for 2022					-3,248.4		-3,248.4
Financial year 2023 net profit					3,826.3		3,826.3
Other movements during the period				-0.2		-5.1	-5.3
BALANCE AT 31 DECEMBER 2023 BEFORE APPROPRIATION OF NET PROFIT	**106.9**	**3,370.2**	**42.5**	**11,225.3**	**3,826.3**	**16.9**	**18,588.1**

The amount added to reserves for (i) unpaid dividends on some treasury shares held by L'Oréal, (ii) movements between 1 January and the dividend payment date, on maturing free share plans, (iii) and the final number of shares carrying preferential dividend rights, stood at -€2.9 million in 2023, compared with -€4.5 million in 2022 and -€2.7 million in 2021.

The item "Regulated provisions and investment grants" amounted to €16.9 million at 31 December 2023, compared with €22 million at 31 December 2022 and €29.9 million at 31 December 2021. This item mainly consisted of accelerated tax-driven depreciation.

Details of option plans and free share plans are provided in note 16.

6.4. Statements of Cash Flows

€ millions	Notes	31.12.2023	31.12.2022	31.12.2021
Operating activities				
Net profit		3,826.3	12,343.1	3,860.5
Depreciation and amortisation	11 – 12	142.5	166.0	162.7
Charges to provisions (net of reversals)(1)		2,077.6	-208.9	121.8
Gains and losses on disposals of non-current assets		122.8	4.3	57.9
Other non-cash transactions		16.2		3.6
Gross cash flow		**6,185.4**	**12,304.5**	**4,206.5**
Changes in working capital(1)	24	-566.8	65.5	45.0
Net cash provided by operating activities		**5,618.6**	**12,370.0**	**4,251.5**
Investing activities				
Investments in non-current assets	11 – 12 – 13	-1,845.9	-7,845.7	-10,594.5
Changes in other financial assets	25	-3,582.4	-361.7	171.8
Disposals of non-current assets		109.3	27.2	36.5
Net cash from investing activities		**-5,319.0**	**-8,180.2**	**-10,386.2**
Financing activities				
Capital increase		1.5	103.2	5.8
Dividends paid		-3,248.4	-2,601.2	-2,264.4
Changes in financial debt	18	2,675.8	-1,074.4	4,577.3
Net cash from financing activities		**-571.1**	**-3,572.4**	**2,318.7**
Cash acquired or sold in the period (complete transfer of assets and liabilities)		0.6	0.0	26.3
Change in cash and cash equivalents		**-270.9**	**617.4**	**-3,789.7**
Net cash and cash equivalents at beginning of the year	26	618.0	0.6	3,790.3
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**26**	**347.1**	**618.0**	**0.6**

(1) Following the settlement of the dispute with the French Competition Authority, the reversal of the provision and the reversal of the receivable for the same amount of €189.5 million have been presented as non-cash transactions.

6.5. Notes to the Financial Statements of L'Oréal S.A.

NOTES CONTENTS

Highlights of the financial year

Reorganisation

On 9 February 2023, L'Oréal's Board of Directors approved two proposed partial asset contributions, which were set to take place on 1 July 2023.

These transactions consisted of:

- a contribution to the company L'Oréal France comprising the complete and autonomous branches of business activity of Affaires Marchés France (marketing activity on the French market for products from the Group's four Divisions – Consumer Products France and Professional Products France, Luxe France and Dermatological Beauty France), Domaines d'Excellence (services activity for subsidiaries based in France, carried out by central services and support functions), and all shares comprising the capital of Luxury of Retail, a wholly-owned subsidiary of L'Oréal;
- a contribution, to the L'Oréal International Distribution company, of the complete and autonomous branch of the International Distribution activity (operating the brands of the four Divisions in countries where the brands are not marketed by the Company's subsidiaries, as well as globally driving the distribution network).

Acquisition/disposal

In April 2023, the Group announced that it had signed an agreement with Natura & Co to acquire Aésop, the Australian luxury cosmetics brand, for €2.4 billion. The acquisition by the subsidiary L'Oréal Australia, wholly-owned by L'Oréal S.A., was finalised in August 2023. It was financed in the amount of €0.4 billion by cash held by the Group and a bond issued in May 2023 in the amount of €2 billion in two tranches (see note 18).

Reorganisations of a legal nature were carried out following this acquisition. In November 2023, L'Oréal S.A. acquired 100% of Aésop UK shares from Eméis Holding PTY Ltd for €968.2 million.

In September 2023, L'Oréal sold the Sanoflore brand to Ekkio Capital, a French investment fund specialising in SMEs in the healthcare and beauty sector. The impact of this disposal on L'Oréal S.A.'s income statement was not significant.

Other events

In November 2023, the Group issued a further bond for €1.5 billion in two tranches (see note 18).

Note 1. Accounting principles

The Company's annual financial statements are prepared in accordance with French law and regulations, as set out in Regulation ANC 2014-03 (French Chart of Accounts) and generally accepted accounting principles. The accounts for the 2023 financial year were prepared and approved on a going concern basis.

1.1. Sales

These are comprised of sales of goods (net of returns, rebates and discounts) and services (including technological assistance fees).

1.2. Advertising and promotion expenses

Expenses relating to the advertisement and promotion of products to customers and consumers are recognised as expenses for the financial year in which the advertisement or promotional initiative takes place.

1.3. Research and innovation costs

Research and innovation costs are recognised in expenses in he period in which they are incurred.

1.4. Loan issue costs

Issuance costs of borrowings are expensed immediately in the financial year in which they are incurred.

1.5. Income tax

The Company has opted for the French tax group regime. French subsidiaries included in the scope of tax consolidation recognise an income tax charge in their own accounts on the basis of their own taxable profits and losses.

L'Oréal, as the parent company of the tax group, recognises as tax income the difference between the aggregate tax charges recognised by the subsidiaries and the tax due on the basis of consolidated taxable profit or loss of the tax group.

1.6. Intangible assets

Intangible assets are recorded in the balance sheet at purchase cost, including acquisition costs.

Technical merger losses are allocated to the corresponding underlying assets and amortised where appropriate.

The value of newly acquired trademarks is calculated based on a multi-criteria approach taking into consideration their reputation and their future contribution to profits.

In accordance with regulation No. 2004-06 on assets, certain trademarks have been identified as amortisable regarding their estimated useful life.

Non-amortisable trademarks are tested for impairment at least once a year on the basis of the valuation model used at the time of their acquisition. An impairment is recorded where appropriate. Initial trademark registration costs are recorded as expenses.

Patents are amortised over a period ranging from two to 10 years.

Business goodwill is not amortised. It is impaired whenever the present value of future cash flows is less than the carrying amount. Impairment tests are conducted at least once a year, even when there is no evidence of impairment loss.

Software of material value is amortised using the straight-line method over its probable useful life, generally between five and eight years. It is also subject to accelerated tax-driven amortisation, which is recognised over a 12-month period.

Other intangible assets are usually amortised over periods not exceeding 20 years.

1.7. Tangible assets

Property, plant and equipment are recognised at purchase cost, including acquisition expenses.

The useful lives of property, plant and equipment are as follows:

	Length
Buildings	20–50 years
Fixtures and fittings	5–10 years
Industrial machinery and equipment	10 years
Other property, plant and equipment	3–10 years

Both straight-line and declining-balance depreciation is calculated over the actual useful lives of the assets concerned. Exceptionally, industrial machinery and equipment is depreciated using the straight-line method over a period of 10 years, with all additional depreciation classified as accelerated tax-driven depreciation. Exceptional depreciation may be recognised where events and circumstances lead to a review of the asset's useful life.

1.8. Financial assets

1.8.1. Equity investments

These items are recognised in the balance sheet at purchase cost, excluding incidental expenses.

Their value is assessed annually by reference to their value in use, which is mainly based on the current and forecast profitability of the subsidiary concerned and the share of shareholders' equity owned. If the value in use falls below the carrying amount, an impairment is recognised.

1.8.2. Other financial assets

Loans and other receivables are valued at their nominal amount and those denominated in foreign currencies are translated at the exchange rate prevailing at the end of the financial year. If necessary, impairments are also recognised against them to reflect their value in use at the end of the financial year.

Treasury shares acquired in connection with buyback programmes with a view to being cancelled are recognised in other long-term investments.

At the end of the financial year, other long-term investments are compared with their probable sale price and a provision for impairment recognised where appropriate.

1.9. Inventories

Inventories are valued using the weighted average cost method. At the end of each accounting period, obsolete and slow-moving inventories are written down if, on the basis of historical and forecast data, their probable net realisable value is less than their gross value.

1.10. Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are recorded at their nominal value. Where appropriate, an impairment is recognised based on an assessment of the risk of non-recovery.

1.11. Marketable securities cash and cash equivalents

Marketable securities are recognised at purchase cost and are valued at the end of the financial year at their probable sale price.

Treasury shares held that is specifically allocated to employee stock option and free shares plans recognised in marketable securities.

No discount is granted on the exercise price of the options. Provided that the shares are purchased at a lower price than the exercise price, no impairment is required. However, an impairment is recognised in the event of a decline in the market price, representing the difference between the net carrying amount of the treasury shares and the average share price in the month preceding the reporting date.

A provision for liabilities and charges in respect of shares of Treasury shares allocated to free share plans for L'Oréal S.A. parent company employees is recognised over the period during which the rights to the free shares vest. Shares of Treasury shares allocated to free share plans for employees of Group subsidiaries are written down in full. However, the subsidiaries concerned will bear most of the cost of granting these free shares.

1.12. Provisions for liabilities and charges

Provisions for liabilities and charges are recognised to cover probable outflows of resources to third parties, without receipt of equivalent consideration by the Company. They mainly concern risks and disputes of a commercial, financial, tax or social nature.

The estimated amount included in provisions corresponds to the outflow of resources that the Company is likely to incur in the settlement of its obligation. Depending on the type of provision, the estimate takes account of the most probable assumptions of realisation, or is assessed in line with statistical methods.

Contingent liabilities are potential obligations arising from past events, whose existence will only be confirmed by the occurrence of future (uncertain) events that are not wholly within the control of the Company or probable liabilities for which the outflow of resources is also not within its control. Contingent liabilities are not recognised and are disclosed where applicable.

1.13. Accounting for foreign currency transactions and exchange rate hedges

All receivables, payables, loans and borrowings denominated in foreign currencies are translated on the balance sheet at the exchange rate prevailing as of the reporting date for the financial year. These exchange rate variations, as well as those linked to the hedging instruments taken out to cover the said receivables, payables, loans and borrowings denominated in foreign currencies, are recorded in the balance sheet under the heading "Unrealised exchange losses/gains".

A provision is recognised if the sum of these translation adjustments shows a potential exchange loss based on the overall exchange position, calculated on a currency-by-currency basis. The overall foreign exchange position excludes translation differences of hedging instruments and hedged items

In accordance with French accounting standards, the potential gain resulting from the overall foreign exchange position is not recognised as income in the income statement.

Exchange rate hedging instruments are contracted to hedge commercial transactions recognised in the balance sheet and future transactions that are considered to be highly probable. Gains and losses generated by these instruments are recognised symmetrically with the gains and losses arising on the hedged items, in the same aggregate as profit and loss. Option premium income/discounts are recognised in profit and loss when the hedged item is recognised in profit and loss.

Derivatives that are not designated as hedges are classified as isolated open positions. These are recognised at their fair value in the balance sheet, and offset a "Translation adjustments" account.

Hedges have already been taken out in respect of forecasted operating transactions for the next financial year. The impact of such hedges on profit or loss will be recorded during the same financial year as the transactions hedged.

1.14. Accounting for interest rate instruments

In the case of interest-rate hedges, for gains and losses arising on interest rate swaps and caps, hedging financial liabilities are recorded on a pro rata basis symmetrically with the gains and losses on the items hedged.

1.15. Employee retirement obligations and related benefits

The L'Oréal parent company operates pension, early retirement and other benefit schemes for employees and retirees depending on local legislation and regulations. Directors and corporate officers are regarded as employees for all additional benefits relating to their remuneration, and are therefore covered by the same employee benefit schemes.

These obligations are partially funded by an external scheme where the funds are gradually built up through contributions paid. The contributions are expensed as incurred under the *Other purchases and external charges* item.

The related obligations are measured using an actuarial valuation method based on final salaries. The method takes account of length of service, life expectancy, turnover by category of personnel and economic assumptions such as inflation and discount rates. The Company has opted for the new method provided by recommendation ANC 2013-02 on the accounting treatment of pension obligations and similar benefits as amended on 5 November 2021. That is to say, the increase in the obligation for each employee is no longer recognised on a straight-line basis over his or her term of employment but straight-line only over the vesting period for his or her benefit rights.

No provision is recognised in the balance sheet for net unfunded obligations. These thus appear as off-balance sheet commitments.

Only obligations in respect of long-service awards are no longer recognised as an off-balance sheet commitment; instead, a provision is recognised in the balance sheet based on an actuarial valuation of the obligation.

Note 2. Sales

€ millions	31.12.2023	31.12.2022	31.12.2021
Sales of goods	1,484.9	2,488.1	2,351.2
Services[1]	4,361.3	3,672.7	2,795.7
Other revenue	136.5	121.2	108.5
TOTAL	**5,982.7**	**6,282.0**	**5,255.4**

(1) Including invoicing of technological assistance.

The Company generated €2,693.1 million of its net sales in France in 2023, compared with €3,400.8 million in 2022 and €3,093.6 million in 2021.

The decrease in net sales is mainly due to the partial asset contributions carried out on 1 July 2023 (see Highlights of the financial year).

Note 3. Other revenue

This item mainly comprises brand royalties and foreign exchange gains from operations.

Note 4. Average headcount

Average headcount can be broken down as follows:

	2023	2022	2021
Executives	5,982	6,482	6,001
Supervisors	1,665	2,062	2,119
Administrative staff	81	129	148
Manual workers	232	337	326
Sales representatives	259	533	540
TOTAL[1]	**8,219**	**9,543**	**9,134**
Apprentices	462	515	410

(1) The decrease in average headcount reflects the partial asset contributions that involved transferring the workforce from the Affaires Marchés France, Domaines d'Excellence and International Distribution activities to the companies L'Oréal France and L'Oréal International Distribution.

Note 5. Depreciation, amortisation and charges to provisions

Depreciation, amortisation and charges to provisions can be broken down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Depreciation and amortisation	-131.8	-157.2	-152.2
Impairment of non-current assets	-94.2	-49.4	-18.9
Impairment of current assets	-11.8	-8.2	-9.8
Provisions for liabilities and charges	-143.5	-99.4	-107.8
TOTAL	**-381.3**	**-314.2**	**-288.7**

Note 6. Net financial income

Net financial income amounts include the following items:

€ millions	31.12.2023	31.12.2022	31.12.2021
Dividends received[1]	5,179.8	11,726.2	3,549.2
Revenues on other receivables and marketable securities	105.4	27.8	0.1
Interest expense on borrowings and financial debt	-140.6	-4.9	-21.9
Others	-20.5	-37.4	-10.3
TOTAL	**5,124.1**	**11,711.7**	**3,517.1**

(1) In 2022, L'Oréal received an exceptional dividend of €6.8 billion from its subsidiary L'Oréal Hong Kong following the transfer of the Travel Retail Asia business to L'Oréal Singapore. Along with the annual dividend paid to its shareholders, L'Oréal also received an additional exceptional dividend of €74.5 million, paid in the form of Euroapi shares, from Sanofi.

Charges to provisions net of reversals and expense transfers chiefly concern:

€ millions	31.12.2023	31.12.2022	31.12.2021
Equity investments[1]	-2,044.1	-49.2	-40.4
Impairment of other financial assets	-	-	-
Impairment of Treasury shares	-	-	-
Provisions for liabilities and charges relating to financial items[2]	31.6	154.8	-143.0
Others	2.0	2.5	-
TOTAL	**-2,010.5**	**108.1**	**-183.4**

(1) In 2023, this mainly related to the impairment of shares in L'Oréal Singapore. This is the inevitable consequence of the overall deterioration in L'Oréal Singapore's situation, which was itself due to various operational reorganisations of Travel Retail.
(2) In 2023, this mainly related to the reversal of provisions for risks relating to the subsidiaries' negative overall situation, amounting to €39.2 million.

In 2022, this mainly related to provisions for currency risk amounting to €165.1 million.

Note 7. Exceptional items

Exceptional items represented €113.8 million in 2023, compared to €246.6 million in 2022 and €2.1 million in 2021.

Note 8. Income tax

The income tax breaks down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Tax on profit before tax and exceptional items	-175.1	-262.5	-82.3
Tax on exceptional items and employee Profit Sharing	11.0	12.1	80.6
INCOME TAX	**-164.1**	**-250.4**	**-1.7**

In 2023, the tax charge recognised by L'Oréal included a tax consolidation loss of €43.9 million.

In 2022, the tax charge recognised by L'Oréal included a tax consolidation loss of €65.0 million.

In 2021, the tax charge recognised by L'Oréal reflected €53.3 million in savings resulting from tax consolidation.

Note 9. Increases or reductions in future tax liabilities

	31.12.2021		31.12.2022		Changes		31.12.2023	
€ millions	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Temporary differences								
Regulated provisions	-	7.6	-	5.6	2.2	0.7	-	4.1
Temporarily non-deductible charges	132.8	-	100.5	-	11.4	18.5	93.4	-
Charges deducted (or revenue taxed) for tax purposes but not yet recognised	-	43.8	4.7	-	-	0.2	4.5	-
Temporarily non-taxable revenue	-	-	-	-	-	-	-	-
Deductible items								
Tax losses, deferred items	-	-	-	-	-	-	-	-
Potentially taxable items								
Special reserve for long-term capital gains	-	137.0	-	137.0	-	-	-	137.0

These figures factor in the social contribution of 3.3% which is added to corporate income tax, both at normal and reduced rates.

Note 10. Research costs

Expenses booked for Research activities in 2023 totalled €1,293.2 million, compared with €1,188.3 million in 2022 and €1,040.7 million in 2021.

Note 11. Intangible assets

€ millions	31.12.2021	31.12.2022	Acquisitions/ Amortisation	Disposals/ Reversals	Partial asset contributions[(6)]	Other movements	31.12.2023
Patents and trademarks[(1)]	1,147.6	1,196.7	-	-13.4	-26.6	5.7	1,162.4
Business goodwill[(2)]	2,981.7	3,132.7	0.1	-43.2	-602.2	-	2,487.4
Software[(3)]	602.8	665.0	24.0	-121.1	-83.4	42.6	527.1
Other intangible assets	551.0	551.0	-	-1.6	-23.7	-	525.7
Tangible assets in progress[(4)]	260.8	377.4	212.4	-7.8	-8.4	-53.2	520.4
Gross value	**5,543.9**	**5,922.6**	**236.5**	**-187.1**	**-744.3**	**-4.9**	**5,223.0**
Patents and trademarks	193.4	210.0	16.8	-8.3	-4.4	-	214.0
Business goodwill	2.5	0.1	-	-0.1	-	-	0.0
Software[(3)]	438.1	491.4	72.1	-121.1	-62.4	-	380.1
Other intangible assets	72.3	74.8	0.8	-1.6	-5.7	-	68.2
Amortisation	**706.3**	**776.3**	**89.7**	**-131.1**	**-72.5**	**-**	**662.4**
Patents and trademarks	74.7	76.1	6.5	-5.3	-	-	77.3
Business goodwill[(5)]	150.1	189.3	87.5	-41.5	-13.9	-	221.4
Software	1.9	1.0	-	-0.9	-	-	0.1
Other intangible assets	3.6	3.6	-	-	-	-	3.6
Impairment	230.2	269.9	94.0	-47.7	-13.9	-	302.5
NET VALUE	**4,607.4**	**4,876.4**	**52.8**	**-8.3**	**-657.9**	**-4.9**	**4,258.1**

(1) *Disposals/reversals: mainly relates to the fully-amortised disposal of Logocos technology.*
(2) *Disposals/reversals: outflow of the Sanoflore merger losses following the sale of the brand (see Highlights of the financial year).*
(3) *Disposal of fully-amortised software.*
(4) *Increase in investments related to the roll-out of the transactional accounting ERP (launched in January 2024).*
(5) *Acquisitions/depreciation: impairment of It Cosmetics business goodwill and the merger losses assigned to the fully-amortised Decléor brand. Disposals/reversals: reversal of the provision for impairment of the Sanoflore merger losses.*
(6) *Assets transferred under the partial asset contributions carried out on 1 July 2023 (see Highlights of the financial year).*

Note 12. Tangible assets

€ millions	31.12.2021	31.12.2022	Acquisitions/ Depreciation	Disposals/ Reversals	Partial asset contributions[1]	Other movements	31.12.2023
Land	81.3	81.3	-	-	-0.8	-	80.5
Buildings	769.3	749.5	14.8	-34.2	-91.8	38.6	676.9
Industrial machinery and equipment	218.7	215.0	8.1	-4.9	-23.0	1.1	196.3
Other tangible assets	297.2	351.9	14.5	-43.3	-288.3	25.1	59.9
Tangible assets in progress[2]	48.1	85.9	25.8	0.7	-18.3	-65.8	28.3
Advances and prepayments	3.1	4.6	-	-2.7	-	-	1.9
Gross value	**1,417.7**	**1,488.2**	**63.2**	**-84.4**	**-422.2**	**-1.0**	**1,043.8**
Land	2.1	2.4	0.3	-	-0.2	-	2.5
Buildings	454.9	459.5	22.7	-34.3	-44.9	-9.3	393.7
Industrial machinery and equipment	172.2	171.2	10.1	-4.8	-15.7	-	160.8
Other tangible assets	208.8	227.3	19.6	-42.9	-166.9	9.3	46.4
Amortisation	**838.0**	**860.4**	**52.7**	**-82.0**	**-227.7**	**0.0**	**603.4**
Land	-	-	-	-	-	-	-
Industrial machinery and equipment	6.3	2.6	0.3	-1.2	-0.5	-	1.2
Impairment	6.3	2.6	0.3	-1.2	-0.5	-	1.2
NET VALUE	**573.4**	**625.2**	**10.2**	**-1.2**	**-194.0**	**-1.0**	**439.2**

(1) Assets transferred under the partial asset contributions carried out on 1 July 2023 (see Highlights of the financial year).
(2) Other movements: transfer related to the inauguration in September 2023 of Le Visionnaire - Espace François Dalle, L'Oréal's historical headquarters located at 14 rue Royale in Paris.

Depreciation and amortisation recognised in 2023 for tangible assets and intangible assets included:
- €131.8 million on a straight-line basis;
- €10.7 million relating to exceptional depreciation and amortisation.

Note 13. Financial assets

€ millions	31.12.2021	31.12.2022	Allocation of technical merger losses	Acquisitions/ Subscriptions	Disposals/ Reductions	Partial asset contributions[5]	Other movements	31.12.2023
Equity investments[1]	11,066.1	17,832.8	-	997.8	-155.9	781.7	-71.8	19,384.6
Loans and other receivables[2]	33.6	223.2	-	6,425.6	-2,851.6	-5.5	-38.1	3,753.6
L'Oréal shares[3]	8,904.0	0.0	-	500.0	-	-	-500.0	0.0
Others	5.4	4.9	-	4.2	-0.9	-3.9	-	4.3
Gross value	**20,009.1**	**18,060.9**	**-**	**7,927.6**	**-3,008.4**	**772.3**	**-609.9**	**23,142.5**
Equity investments[4]	736.4	785.6	-	2,107.9	-63.8	-	-40.4	2,789.3
Loans and other receivables	0.4	0.4	-	0.4	-0.4	-0.4	-	0.0
Others	0.2	0.3	-	-	-	-0.1	-	0.2
Impairment	737.0	786.3	-	2,108.3	-64.2	-0.5	-40.4	2,789.5
NET VALUE	**19,272.1**	**17,274.6**	**-**	**5,819.3**	**-2,944.2**	**771.8**	**-569.5**	**20,353.0**

(1) Acquisitions essentially corresponded to Aēsop UK securities for €968.2 million.
Disposal/reduction: these mainly concerned the capital reduction of L'Oréal Brazil and the disposal of Sanoflore and L'Oréal Venezuela shares.
Other movements included the disposal of L'Oréal Côte d'Ivoire and LOA3 (UTA) securities.
(2) Movements on loans and other receivables correspond to loans granted and repaid during the year to Finval. During the 2023 financial year, L'Oréal S.A. set up long-term loans with Finval for €4,750 million, with maturities ranging from 2025 to 2028. €1,000 million was repaid early in 2023.
(3) On 27 July 2023, the Board of Directors resolved, in connection with the authorisation approved by the Annual General Meeting of 21 April 2023, to buy back L'Oréal shares in the maximum amount of €500 million. The shares thus bought back for €500 million were cancelled in line with the Board of Directors' decision on 7 December 2023.
(4) Mainly corresponds to the provision for impairment of L'Oréal Singapore securities.
(5) Financial assets contributed as part of partial contributions of assets and securities received as remuneration for contributions (L'Oréal France and L'Oréal International Distribution).

The table of subsidiaries and holdings is included at the end of the parent company financial statements.

Note 14. Marketable securities and cash instruments

This item breaks down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Financial instruments/Premiums paid on options	72.0	76.8	33.4
Gross value	**72.0**	**76.8**	**33.4**
Financial instruments/Premiums paid on options	-	-	-
Impairment	**-**	**-**	**-**
NET VALUE	**72.0**	**76.8**	**33.4**

Note 15. Maturity of receivables

€ millions	1 year or less	More than 1 year	Gross	Impairment	Net
Loans and other receivables with equity investments[(1)]	**3.4**	**3,750.1**	**3,753.5**		**3,753.5**
Other financial assets	**4.1**		**4.1**		**4.1**
Trade accounts receivable	**722.9**		**722.9**		**722.9**
Other current assets, of which	**347.8**		**347.8**		**347.8**
Tax and employee-related receivables[(2)]	229.2		229.2		229.2
Other receivables	41.2		41.2		41.2
Prepaid expenses	**61.0**		**61.0**		**61.0**

(1) *Long-term loans set up with Finval for €4,750 million, with maturities ranging from 2025 to 2028. €1,000 million was repaid early in 2023.*
(2) *Including a corporate income tax receivable in the amount of €24.7 million.*

Accrual accounts included in receivables amounts are as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Trade accounts receivable	3.3	3.0	2.0
Other receivables	4.7	20.5	23.1
TOTAL	**8.0**	**23.5**	**25.1**

Note 16. Stock purchase or subscription options – Free shares – Employee shareholding plan

16.1. Share subscription or purchase options

As at 31 December 2023, there were no more stock options plans in force.

16.2. Free shares

The table below summarises data relating to the free share plan.

Grant date					
Stock subscription plans	**Stock purchase plans**	**Vesting date**	**Number of shares granted**	**Number of shares issued/allotted**	**Number of shares not finally vested**
20.04.2017		21.04.2021	906,000	742,276	-
17.04.2018		18.04.2022	931,000	868,575	-
18.04.2019		19.04.2023	843,075	776,975	-
14.10.2020		15.10.2024	713,660	385	673,530
07.10.2021		08.10.2025	588,750	105	570,685
13.10.2022		14.10.2026	700,000	-	699,375
12.10.2023		13.10.2027	650,580	-	650,580

For the conditional grant of shares, the plan provides for a four-year vesting period after which vesting is effective and final, subject to meeting the conditions of the plan.

The performance conditions for the 7 October 2021 and 14 October 2020 plans are:

- for 50% of shares granted, the growth in comparable cosmetics net sales – in relation to those of a panel of competitors – for the 2022, 2023 and 2024 financial years under the 2021 plan and for the 2021, 2022 and 2023 financial years under the 2020 plan;
- for 50% of shares granted, the increase over the same period in the Group's consolidated operating profit for the 7 October 2021 and 14 October 2020 plans.

The calculation will be made on the basis of the arithmetic average of the performances for financial years:

- 2022, 2023 and 2024 for the 2021 plan;
- 2021, 2022 and 2023 for the 2020 plan,

and it will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

The performance conditions for the 12 October 2023 and 13 October 2022 plans are:

- for 80%, based on financial performance criteria that include:
  - for one half, the growth in comparable cosmetics net sales – in relation to those of a panel of competitors – for the financial years:
    - 2024, 2025 and 2026 for the 2023 plan,
    - 2023, 2024 and 2025 for the 2022 plan,
  - for the other half, the increase over the same period in the Group's consolidated operating profit. The calculation will be made on the basis of the arithmetic average of the performances for financial years:
    - 2024, 2025 and 2026 for the 2023 plan,
    - 2023, 2024 and 2025 for the 2022 plan;
- for 20%, based on non-financial performance criteria that include:
  - 15% is associated with the fulfilment of environmental and social responsibility commitments made by the Group as part of the *L'Oréal for the Future* programme;
  - 5% is associated with the gender balance within strategic positions, including the Executive Committee.

No performance condition applies below a block of 100 shares.

The plans of 20 April 2017, 17 April 2018 and 18 April 2019 were finally granted by the allocation of, respectively, 742,276 shares on 21 April 2021, 868,225 shares on 19 April 2022 and 776,525 shares on 19 April 2023. The number of fully vested shares for the 18 April 2019 plan took into account the performance percentage achieved at the end of the plan.

As at 31 December 2023, the performance conditions of the plans in progress were deemed achieved.

16.3. Capital increase reserved for employees

In June 2022, Group employees had the opportunity to join a Shareholding Plan based on a traditional format with discount and matching contribution.

The subscription price was set at €254.9, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chief Executive Officer setting the subscription period from 8 June to 22 June 2022 during which 410,943 shares were subscribed. This number does not include the subscription reserved for a Trustee under the laws of England and Wales, as part of a Share Incentive Plan established for Group employees in the UK, in respect of which 3,376 subscribed shares were agreed in October 2023.

For French employees, free shares were offered upon subscription in proportion to their personal contribution to the plan with a maximum of four shares offered for 10 shares subscribed.

For employees in other countries, shares were offered under a free share plan with a continued employment condition for the employee and proportionate to how much the employee contributes to the plan, with a maximum of four shares offered for 10 subscribed shares. The shares will be allocated to employees on 26 July 2027 provided they are still with the Group on that date.

The share capital increase took place on 26 July 2022 for a total of 448,267 shares and on 12 October 2023 for a total of 4,643 shares, including subscribed shares.

Grant date	Vesting date France	Vesting date outside France	Number of shares granted	Number of shares issued/allotted	Number of shares not finally vested
18.06.2018	18.06.2018	19.06.2023	498,974	490,740	—
02.10.2020	02.10.2020	03.10.2025	496,991	456,695	35,554
22.06.2022	22.06.2022	23.06.2027	494,073	451,643	41,057

Note 17. Provisions for liabilities and charges

€ millions	31.12.2021	31.12.2022	Charges	Reversals (used)	Reversals (not used)	Partial asset contributions[3]	Other movements	31.12.2023
Provisions for litigation[1]	193.4	192.5	0.1	190.0	0.8	-1.4	-	0.4
Provisions for foreign exchange losses	176.4	16.0	35.0	16.0	-	-	-	35.0
Provisions for expenses	171.8	158.5	115.6	69.7	14.0	-55.5	0.8	135.7
Other provisions for liabilities[2]	336.7	229.6	61.3	17.4	101.5	-22.8	-	149.2
TOTAL	**878.3**	**596.6**	**212.0**	**293.1**	**116.3**	**-79.7**	**0.8**	**320.3**

(1) First instance decision of 18 December 2014 issued by the French Competition Authority (Autorité de la Concurrence) imposing a fine of €189.5 million against L'Oréal in the hygiene and body care products sector in respect of matters going back to the beginning of the 2000s. On 27 October 2016, the Paris Court of Appeal upheld the first instance decision. After nearly ten years of legal proceedings, L'Oréal lodged a further appeal to the French supreme court, the Court of Cassation, which was rejected on 18 October 2023. It should be noted that since the appeal and further appeal had no suspensive effect, the fine, provision for which had been made at the end of 2014, was paid on 28 April 2015. This latest definitive ruling has no impact on L'Oréal S.A.'s income statement or cash position, as the settlement had already taken place in 2015.

(2) This section mainly includes provisions set aside to cover risks related to government bodies, commercial and financial risks.

(3) Provisions for liabilities and charges transferred in connection with partial asset contributions

The changes in provisions for liabilities and charges impact the 2023 income statement as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	143.5	76.6	20.2
Net financial income	17.3	9.5	39.3
Exceptional items	51.2	207.0	56.8
TOTAL	**212.0**	**293.1**	**116.3**

Note 18. Borrowings and debt

L'Oréal obtains financing through medium-term bond loans and issues short-term marketable instruments in France and the United States. The amounts of the programmes are €5,000 million and $5,000 million respectively. None of the Group's borrowings or debt contains an early repayment clause linked to financial ratios (covenants).

Liquidity on the short-term marketable instruments issues is provided by confirmed undrawn short-term credit facilities with banks, which amounted to €5,000 million at 31 December 2023, compared to €5,000 million at 31 December 2022 and €5,000 million at 31 December 2021.

All borrowings and debt are denominated in euros and can be broken down as follows:

BREAKDOWN BY TYPE OF DEBT

€ millions	31.12.2023	31.12.2022	31.12.2021
Bonds	6,551.1	3,014.5	-
Short-term marketable instruments	-	795.2	2,507.0
Bank overdrafts and financing with the Group's cash pool	-	-	-
Other borrowings and debt	4.2	62.4	2,439.5
TOTAL	**6,555.3**	**3,872.1**	**4,946.50**

BONDS AND EMTNS

Tranche amount *€ millions*		Type of issue	Issue date	Type of rate	Coupon	Issue price*	Maturity	Interest accrued	31.12.2023	31.12.2022
	750	—	March 2022	Variable	—	101.033%	March 2024	0.3	750.3	751.2
	1,000	—	March 2022	Fixed	0.375%	99.693%	March 2024	2.8	1,002.8	1,004.3
	1,250	SLB	March 2022	Fixed	0.875%	99.741%	June 2026	5.5	1,255.5	1,259.0
	1,000	EMTN	May 2023	Fixed	3.125%	99.646%	May 2025	19.4	1,019.4	-
	1,000	EMTN	May 2023	Fixed	2.875%	99.323%	May 2028	17.8	1,017.8	-
	800	EMTN	November 2023	Fixed	3.375%	99.739%	January 2027	2.8	802.8	-
	700	EMTN	November 2023	Fixed	3.375%	99.754%	November 2029	2.5	702.5	-
TOTAL	**6,500**							**51.1**	**6,551.1**	**3,014.5**

* *Net of fees.*

Bonds have primarily been issued under a "Euro Medium-Term Notes" programme with a cap of €5 billion at 31 December 2023.

BREAKDOWN BY MATURITY DATE

€ millions	31.12.2023	31.12.2022	31.12.2021
Less than 1 year	1,801.5	866.8	4,939.8
1 to 5 years	4,753.8	3,005.3	6.7
More than 5 years	-	-	-
TOTAL	**6,555.3**	**3,872.1**	**4,946.5**

AVERAGE INTEREST RATE ON BORROWINGS AND DEBT

For 2023, the average rate of the debt in euros was 2.09% including bonds, compared to 0.26% in 2022 and -0.51% in 2021, and the average rate of short-term marketable instruments in dollars in the United States stands at 3.22%.

Note 19. Maturity of payables

€ millions	1 year or less	More than 1 year	Total
Suppliers	**597.1**		**597.1**
Other current liabilities, of which	**543.9**		**543.9**
Tax and employee-related payables	447.2		447.2
Payables related to non-current assets	29.6		29.6
Other liabilities	67.1		67.1

Accrual accounts included in trade accounts payable and other current liabilities are as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Suppliers	**264.7**	**662.4**	**542.4**
Payables related to non-current assets	**26.2**	**162.6**	**168.1**
Tax and employee-related payables, of which	**394.0**	**498.7**	**486.9**
Provision for employee Profit Sharing	32.3	31.7	29.2
Provision for incentives	100.0	143.8	135.2
Other liabilities	**4.1**	**210.2**	**199.9**
TOTAL	**689.0**	**1,546.3**	**1,397.3**

Note 20. Translation adjustments

The revaluation of foreign currency receivables and payables at the exchange rates prevailing at 31 December, taking account of hedging instruments, led to the recognition of the following translation adjustments:

	Assets			Liabilities		
€ millions	**31.12.2023**	**31.12.2022**	**31.12.2021**	**31.12.2023**	**31.12.2022**	**31.12.2021**
Financial receivables	0.2	8.9	-	-	-	-
Trade accounts receivable	18.5	6.6	1.9	0.2	0.3	0.1
Liabilities	-	-	-	-	8.9	-
Suppliers	-	-	0.1	-	-	-
Derivative financial instruments	26.7	44.1	186.2	62.4	68.6	18.4
TOTAL	**45.4**	**59.6**	**188.2**	**62.6**	**77.8**	**18.5**

The overall foreign exchange position, calculated on a currency-per-currency basis at 31 December 2023, is an unrealised loss of €35.0 million recorded as a provision for unrealised foreign exchange losses (see note 17).

At 31 December 2022, the overall foreign exchange position was an unrealised loss of €16.0 million, compared with an unrealised loss of €176.4 million at 31 December 2021.

Note 21. Derivative financial instruments

Foreign exchange derivative financial instruments can be broken down as follows:

	Notional			Market value		
€ millions	**31.12.2023**	**31.12.2022**	**31.12.2021**	**31.12.2023**	**31.12.2022**	**31.12.2021**
Currency futures						
Purchase of EURO against foreign currencies						
EUR/AUD	23.6	22.6	19.6	-0.4	0.3	-0.4
EUR/BRL	189.5	159.3	106.8	-5.1	-0.9	-1.8
EUR/CAD	19.1	16.9	16.6	-0.1	0.9	-0.5
EUR/CLP	12.3	11.0	8.2	0.5	-0.8	0.8
EUR/CNY	1,686.5	1,697.0	1,455.3	44.8	17.9	-130.9
EUR/CZK	12.2	11.0	8.0	0.1	-0.5	-0.2
EUR/DKK	20.9	19.9	15.9	0.0	0.0	0.0
EUR/GBP	56.9	43.9	44.2	-0.6	0.5	-1.0
EUR/IDR	60.9	52.2	45.4	1.1	2.4	-3.7
EUR/INR	13.7	33.5	26.7	0.0	1.6	-1.6
EUR/KRW	74.2	73.2	61.3	-0.5	-1.5	-0.7
EUR/PEN	24.1	17.3	11.0	0.4	-0.2	-0.7
EUR/PHP	10.9	7.3	7.1	-0.1	0.1	-0.3
EUR/PLN	22.3	0.0	0.0	-1.2	0.0	0.0
EUR/RSD	10.4	8.9	10.0	-0.1	-0.5	-0.1
EUR/RUB	0.0	4.7	276.3	0.0	-1.0	-10.2
EUR/THB	69.2	62.0	51.8	0.0	-0.8	-0.7
EUR/TWD	69.6	59.1	55.2	0.3	2.7	-1.4
EUR/USD	0.0	157.3	162.4	0.0	0.0	-7.8
EUR/ZAR	39.0	28.4	20.7	-1.0	0.2	0.2
EUR/Other currencies	19.9	23.2	32.8	-2.2	0.2	-0.8

€ millions	Notional 31.12.2023	Notional 31.12.2022	Notional 31.12.2021	Market value 31.12.2023	Market value 31.12.2022	Market value 31.12.2021
Sale of EUR against foreign currencies						
EUR/PLN	0.0	28.2	36.2	0.0	1.3	-0.6
EUR/SGD	140.1	129.0	98.3	-0.2	3.2	3.6
EUR/USD	45.5	0.0	0.0	-1.2	0.0	0.0
EUR/Other currencies	4.5	4.7	14.3	0.3	0.3	0.3
Purchase of USD against foreign currencies						
USD/BRL	78.2	80.8	46.3	-3.7	-0.8	1.3
USD/CNY	242.0	306.0	256.6	2.6	1.9	-11.8
USD/INR	14.0	10.0	8.9	-0.1	0.2	0.0
USD/KRW	7.5	9.2	15.5	-0.1	0.1	0.6
USD/PEN	30.9	18.4	12.9	-0.6	-0.7	0.1
USD/PHP	10.7	8.8	9.6	-0.4	-0.2	0.3
USD/THB	33.1	32.9	31.0	-1.3	-1.4	0.9
USD/TWD	13.2	12.5	11.2	-0.4	0.2	0.2
USD/Other currencies	7.7	5.9	0.1	-0.3	-0.2	0.0
Sale of USD against foreign currencies						
USD/IDR	26.6	29.8	22.4	0.0	-0.5	0.7
USD/Other currencies	2.0	0.0	0.6	1.3	0.0	-0.2
Purchase of CNY against foreign currencies						
CNY/IDR	25.7	29.0	28.4	0.2	0.3	-0.2
CNY/INR	18.0	17.7	21.4	-0.1	0.1	0.1
CNY/PHP	13.4	10.8	9.1	-0.4	-0.3	0.3
CNY/THB	19.7	20.2	21.8	-0.5	-1.1	1.1
CNY/Other currencies	7.5	7.0	6.3	-0.2	0.1	0.3
Sale of CNY against foreign currencies						
CNY/JPY	58.5	66.7	95.6	-0.4	0.9	-7.0
CNY/KRW	35.0	25.6	31.8	0.0	1.3	-2.7
CNY/SGD	11.2	2.2	0.5	0.0	0.0	0.0
CNY/Other currencies	7.6	6.6	9.4	-0.1	0.0	-0.5
Other currencies pairs						
Others	11.0	25.5	29.6	-0.2	1.2	-0.9
Currency futures total	**3,298.8**	**3,396.2**	**3,253.1**	**30.1**	**26.5**	**-175.9**
Currency options						
EUR/USD	0.0	0.0	28.2	0.0	0.0	0.0
EUR/BRL	0.0	0.0	11.1	0.0	0.0	0.1
Other currencies	0.0	0.0	0.0	0.0	0.0	0.0
Currencies options total	**0.0**	**0.0**	**39.3**	**0.0**	**0.0**	**0.1**
Of which total options purchased	0.0	0.0	39.3	0.0	0.0	0.1
Of which total options sold	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INSTRUMENTS	**3,298.8**	**3,396.2**	**3,292.4**	**30.1**	**26.5**	**-175.8**

Note 22. Transactions and balances with related entities and parties

All material related-party transactions were entered into on an arm's length basis.

Note 23. Off-balance sheet commitments

23.1. Lease commitments

Operating lease commitments amounted to €5.2 million due in less than one year, €19.2 million due between one and five years and €5.2 million due after five years.

23.2. Other off-balance sheet commitments

Confirmed credit facilities are set out in note 18.

Other off-balance sheet commitments can be broken down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Commitments in connection with employee retirement obligations and related benefits(1)	-80.4	-205.5	111.2
Commitments to buy out non-controlling interests	12.2	11.6	10.6
Guarantees given(2)	1,927.1	2,002.9	4,579.0
Guarantees received	-	2.8	1.6
Capital expenditure orders and service contracts(3)	404.1	111.4	154.0
Documentary credits	-	-	-

(1) The discount rate used in 2023 to measure commitments was 3.25% for plans providing for the payment of capital and 3.25% for annuity plans, compared with 3.75% and 3.75% respectively in 2022, and 0.80% and 1.10% in 2021. As in 2022, interest rate levels resulted in a funding surplus for pension liabilities in the amount of €81.2 million at end of 2023.
An agreement for the pooling of employee-related liabilities was set up in 2004. Pursuant to this agreement, commitments are allocated among the French companies in the Group and their financing is organised in proportion to their respective payroll costs (customised for each plan) so that the companies are joint and severally liable for meeting the aforementioned commitments within the limit of the collective funds built up.

(2) This line includes miscellaneous guarantees and warranties given, including €1,842.1 million at 31 December 2023 on behalf of the Group's direct and indirect subsidiaries, compared with €1,922.9 million at 31 December 2022 and €4,434.4 million at 31 December 2021. Seller's warranties are also included in this amount as appropriate. This line also includes a commitment to pay towards the Notre Dame Cathedral Reconstruction fund.

(3) Including irrevocable commitments for IT contracts and energy purchases (these services will be re-billed to Group entities).

23.3. Contingent liabilities

In the normal course of its activities, the Company is involved in legal proceedings and is subject to fiscal, customs and administrative controls. The Company sets aside a provision when a risk is found to exist and the related cost can be reliably estimated.

No exceptional event or dispute is highly likely to have a material impact on the Company's earnings, financial position, assets or operations.

Note 24. Changes in working capital

Changes in working capital can be broken down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Inventories	14.2	-32.3	7.1
Accounts Receivable	-758.2	-100.1	-233.3
Accounts Payable	177.2	197.9	271.2
TOTAL	**-566.8**	**65.5**	**45.0**

Note 25. Changes in other financial assets

This line primarily includes cash flows relating to financial instruments, classified as marketable securities

Note 26. Net cash and cash equivalents at the end of the year

Cash and cash equivalents can be broken down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Cash and cash equivalents	337.7	616.2	0.6
Accrued interest receivable	9.4	1.8	-
Accrued interest payable	-	-	-
NET CASH AND CASH EQUIVALENTS	**347.1**	**618.0**	**0.6**

Note 27. Other information

Statutory audit fees are presented in note 16 to the Consolidated Financial Statements.

Note 28. Subsequent events

In line with the Ambition France actions carried out over the 2023 financial year, the entity Soproréal merged into L'Oréal S.A. on 1 January 2024. On the same day, L'Oréal S.A. transfered the complete and autonomous branch of Soproréal's business activities to the entity New Soproréal.

Note 29. Table of subsidiaries and holdings

DETAILED INFORMATION

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held		Profit or loss in last financial year	Dividends[1] booked during the financial year
				Gross	Net		
A. Main French subsidiaries (Holdings of over 50%)							
Azzaro Mugler Beauté France	78,723	845	100.00%	78,723	78,723	1,006	488
Beauté, Recherche & Industries	1,069	15,073	100.00%	9,495	9,495	3,802	8,280
Cosmétique Active International	19	13,947	88.97%	15,100	15,100	126,508	89,154
Cosmétique Active Production	186	23,104	80.13%	5,081	5,081	13,755	9,097
EpiSkin	13,609	11,730	99.92%	17,999	17,999	1,331	0
Fapagau & Cie	15	5,090	79.00%	12	12	13,935	12,548
Faproreal	11,944	5,232	100.00%	11,953	11,953	6,382	6,600
Finval	19,516	142,683	100.00%	75,677	75,677	40,258	72,471
Gemey Paris – Maybelline New York	35	8,551	99.96%	46	46	5,583	5,388
Holdial	1	4	98.00%	1	1	1,249	769
L & J Ré	27,500	11,075	100.00%	27,500	27,500	1,710	0
La Roche-Posay Laboratoire Dermatologique	380	4,437	99.98%	27,579	27,579	46,805	37,668
Noveal	1,958	11,387	100.00%	21,501	21,501	391	5,037
Nutricos Technologies	535	-106	50.00%	38,125	0	-30	0
L'Oréal France	127,921	503,636	100.00%	772,495	772,495	202,416	0
L'Oréal International Distribution	6,414	-17,482	100.00%	11,642	11,642	31,881	0
L'Oréal Fund For Nature Regeneration	75,000	-2,996	100.00%	75,000	69,100	-2,956	0
L'Oréal Produits de Luxe International	98	55,384	99.85%	73,814	73,814	66,072	64,662
BOLD (Business Opportunities for L'Oréal Development)	178,853	109,769	100.00%	299,603	299,603	-9,741	0

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held – Gross	Carrying amount of shares held – Net	Profit or loss in last financial year	Dividends[1] booked during the financial year
Mugler Fashion	8	71	100.00%	3,929	1,493	719	0
Real Campus by L'Oréal	7,205	-6,216	100.00%	7,205	7,205	-1,301	0
Sciencemd	13,005	-4,933	100.00%	13,005	3,535	-3,950	0
New Soproréal	50	-10	100.00%	50	50	-7	0
LOA15	50	-5	99.98%	50	50	-2	0
Prestige & Collections International	78	7,465	99.81%	98,364	98,364	527,129	522,449
Magic Holdings Group Limited	33	-105	100.00%	63,411	11	400	0
Sicôs & Cie	375	11,948	100.00%	1,076	1,076	9,642	11,525
Soprocos	8,250	9,013	100.00%	11,904	11,904	8,792	3,789
Soproréal	15	4,372	100.00%	116	116	8,448	10,777
Sparlys	7,378	16,219	100.00%	18,553	18,553	-8,146	0
Thermes De Saint Gervais Les Bains Le Fayet	1,047	2,845	100.00%	22,942	16,942	191	0
B. Main French investments (Holdings of under 50%)							
Euroapi	94,027		5.47%	74,535	29,454		0
Sanofi[2]	2,524,776		9.35%	423,887	423,887		420,889

(1) *Including profits distributed by the SNCs (general partnership), and Sociétés civiles (non trading companies), that are not tax consolidated.*
(2) *Listed company. At the end of the year, L'Oréal owned 118,227,307 shares with a market value of €10,612,083 thousand at 31 December 2023.*

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held – Gross	Carrying amount of shares held – Net	Profit or loss in last financial year	Dividends[1] booked during the financial year
A. Main foreign subsidiaries (Holdings of over 50%)							
Aesop UK Limited (United Kingdom)	0	39,776	100.00%	968,211	804,911	45,189	0
Atelier Cologne (Luxembourg)	1,210	3,851	100.00%	88,929	46,418	19,404	0
Beautycos International Co. Ltd (China)	52,482	32,657	73.46%	46,195	46,195	16,968	8,981
Beautylux International Cosmetics (Shanghai) Co. Ltd (China)	5,629	111	100.00%	16,871	4,871	158	0
Biotherm (Monaco)	152	16	99.80%	3,545	3,545	8,314	8,003
Canan Kozmetik Sanayi Ve Ticaret A.S. (Turkey)	-5,785	7,217	100.00%	30,290	2,860	1,800	0
Cosmelor Ltd (Japan)	548	13,750	100.00%	35,810	27,370	8,715	8,611
Cosmephil Holdings Corporation (Philippines)	171	-123	100.00%	400	14	0	0
Egyptelor LLC (Egypt)	6	14	99.80%	7	7	-112	0
Elebelle (Proprietary) Ltd (South Africa)	806	20,796	100.00%	61,123	13,123	0	0
Erwiton S.A. (Uruguay)	147	42	100.00%	3	3	18,991	14,108
L'Oréal Israel Ltd (Israel)	4,137	14,907	92.97%	38,497	38,497	18,056	11,824
Kosmepol Sp. z.o.o. (Poland)	38,844	60,935	99.73%	48,965	48,965	5,107	845
L'Oréal Adria d.o.o. (Croatia)	131	4,318	100.00%	1,503	1,503	12,237	9,314
L'Oréal Argentina S.A. (Argentina)	-44,397	141,995	96.82%	183,864	61,964	-9,688	0
L'Oréal Australia Pty Ltd	2,711	16,348	100.00%	33,867	33,867	38,515	57,856
L'Oréal Balkan d.o.o. (Serbia)	1,283	-453	100.00%	1,285	1,285	4,649	2,845
L'Oréal Baltic SIA (Latvia)	387	-1,361	100.00%	529	529	2,187	0
L'Oréal Bangladesh Ltd (Bangladesh)	3,820	-3,818	100.00%	3,749	0	29	0

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held Gross	Carrying amount of shares held Net	Profit or loss in last financial year	Dividends[1] booked during the financial year
L'Oréal Brasil Comercial de Cosmeticos Ltda	219,053	-109,210	90.82%	164,599	164,599	61,266	67,709
L'Oréal Belgilux S.A. (Belgium)	16,124	17,232	98.93%	77,150	77,150	23,676	127,037
L'Oréal Brasil Pesquisas e Inovacao Ltda	45,887	-8,846	99.99%	45,654	45,654	950	0
L'Oréal Bulgaria EOOD	102	806	100.00%	102	102	9,364	3,486
L'Oréal Canada Inc.	3,979	109,506	100.00%	146,517	146,517	117,857	90,010
L'Oréal Central America S.A. (Panama)	8	-8	100.00%	8	0	130	0
L'Oréal Central West Africa (Nigeria)	3,443	-3,439	99.91%	18,106	8	0	0
L'Oréal Ceska Republika s.r.o (Czech Republic)	2,268	-30	100.00%	4,983	4,983	40,863	28,711
L'Oréal Chile S.A. (Chile)	6,173	5,000	100.00%	43,784	43,784	31,997	31,110
L'Oréal China Co Ltd (China)	43,498	-392,761	100.00%	345,733	345,733	714,491	1,241,802
L'Oréal Colombia S.A.S. (Colombia)	11,658	37,759	100.00%	80,419	49,419	4,030	978
L'Oréal Cosmetics Industry S.A.E. (Egypt)	58,382	-43,186	100.00%	58,363	23,363	8,263	0
L'Oréal Danmark A/S (Denmark)	270	-2,558	100.00%	8,336	8,336	66,895	45,253
L'Oréal Deutschland G.m.b.H. (Germany)	12,647	58,074	100.00%	76,855	76,855	271,468	67,957
L'Oréal East Africa Ltd (Kenya)	204	4,980	99.98%	66,650	7,820	-5,382	0
L'Oréal Espana S.A.U. (Spain)	59,911	18,570	100.00%	361,454	361,454	100,574	80,821
L'Oréal Finland Oy (Finland)	673	-7,572	100.00%	1,280	1,280	11,102	13,792
L'Oréal Guatemala S.A.	1,044	1,430	100.00%	2,162	2,162	1,430	4,484
L'Oréal Hellas S.A. (Greece)	9,736	3,070	100.00%	35,307	35,307	25,632	19,801
L'Oréal Hong Kong Ltd	-77	19,684	100.00%	24,276	24,276	49,617	57,881
L'Oréal India Private Ltd (India)	48,691	-45,606	100.00%	75,987	75,987	60,656	46,806
L'Oréal Italia Spa	1,680	48,121	100.00%	226,469	226,469	80,024	60,140
L'Oréal Kazakhstan Llp (Kazakhstan)	422	273	100.00%	422	422	5,058	759
L'Oréal Korea Ltd (South Korea)	1,991	20,737	100.00%	20,794	20,794	7,986	4,677
L'Oréal Liban SAL	-428	68	100.00%	4,136	6	2,052	0
L'Oréal Magyarorszag Kosmetikai Kft (Hungary)	428	-64	100.00%	787	787	5,178	4,964
L'Oréal Malaysia SDN BHD	3,268	5,426	100.00%	6,762	6,762	20,246	10,369
L'Oréal Mexico S.A. de C.V. (Mexico)	2,349	132,592	100.00%	8,443	8,443	61,273	59,160
L'Oréal Middle East (United Arab Emirates)	7,761	1,742	100.00%	54,379	53,379	83,204	43,864
L'Oréal Nederland B.V. (Netherlands)	1,178	228	100.00%	22,014	22,014	33,358	34,667
L'Oréal New Zealand Ltd (New Zealand)	44	3,022	100.00%	6,110	6,110	2,526	9,151
L'Oréal Norge A/S (Norway)	1,384	1,715	100.00%	4,050	4,050	17,217	5,311
L'Oréal Osterreich G.m.b.H. (Austria)	2,915	1,435	100.00%	3,818	3,818	4,694	3,864
L'Oréal Pakistan Private Ltd	22,111	-27,827	100.00%	23,734	0	2,138	0
L'Oréal Panama S.A.	135	3,069	100.00%	168	168	20,533	4,465
L'Oréal Peru S.A. (Peru)	2,322	415	100.00%	3,739	3,739	9,661	9,130
L'Oréal Philippines Inc.	3,696	-3,464	99.53%	39,107	1,917	691	0
L'Oréal Polska Sp. Z.O.O. (Poland)	405	-147	100.00%	707	707	61,676	44,902
L'Oréal Portugal Unipessoal Lda	495	541	100.00%	6,459	6,459	7,992	65,938
L'Oréal Romania SRL (Romania)	799	81	100.00%	974	974	21,496	16,627
L'Oréal Saudi Arabia	6,759	10,894	78.16%	12,999	12,999	5,064	3,671

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held Gross	Carrying amount of shares held Net	Profit or loss in last financial year	Dividends[1] booked during the financial year
L'Oréal Singapore Pte Ltd (Singapore)	6,402,955	-283,989	100.00%	6,394,939	4,656,039	13,053	0
L'Oréal Suisse S.A.	346	24,214	100.00%	160,311	160,311	210,960	18,919
L'Oréal Sverige AB (Sweden)	2,038	-2,679	100.00%	2,247	2,247	46,569	17,576
L'Oréal Taiwan Co Ltd (Taiwan Region)	187	-168	100.00%	17,881	17,881	29,278	28,276
L'Oréal Thailand Ltd	3,992	1,887	100.00%	5,238	5,238	24,105	12,341
L'Oréal Turkiye Kozmetik Sanayi Ve Ticaret Anonim Sirketi	67,289	-56,368	100.00%	55,093	14,243	26,288	628
L'Oréal UAE General Trading LLC (United Arab Emirates)	21,638	12,155	100.00%	34,523	34,523	7,693	7,194
L'Oréal UK Ltd (United Kingdom)	121,150	-70,360	100.00%	145,573	145,573	193,694	168,051
L'Oréal Ukraine	3,033	10,178	100.00%	2,990	0	22,942	0
L'Oréal Uruguay S.A.	244	1,364	100.00%	2,718	2,718	1,305	0
L'Oréal USA Inc.[3]	647,731	3,776,327	100.00%	4,851,879	4,851,879	1,151,532	1,115,323
L'Oréal Vietnam Co Ltd	13,537	-1,108	100.00%	13,646	13,646	11,139	9,167
L'Oréal West Africa Ltd (Ghana)	21,278	-21,031	100.00%	25,260	0	-495	0
Masrelor LLC (Egypt)	17,686	-13,544	100.00%	17,573	17,573	2,790	0
Nanda CO Ltd. (Korea)	-705	42,002	100.00%	486,139	486,139	22,424	14,309
Nihon L'Oréal KK (Japan)	-17,697	103,275	100.00%	351,504	351,504	20,766	0
L'Oréal Travel Retail Americas Inc. (USA)	40	1,611	100.00%	100,317	100,317	24,646	20,892
Procosa Productos de Beleza Ltda (Brazil)	154,665	-59,398	100.00%	223,938	103,138	4,095	43,936
P.T. L'Oréal Indonesia	1,510	5,040	99.00%	2,305	2,305	1,974	2,682
P.T. Yasulor Indonesia	70,936	477	99.99%	110,022	79,022	3,330	3,846
Scental Limited (Hong Kong SAR)	5	199	100.00%	8	8	0	0
B. Main foreign investments (Holdings of under 50%)							
LIPP Distribution (Tunisia)	3,561	4,766	49.00%	9,009	9,009	1,982	0

(1) For foreign subsidiaries and investments, the capital, reserves and retained earnings have been translated into thousands of euros on the basis of year-end exchange rates, while profits and losses have been translated at average rate.
It is specified that the list above is not exclusive.
(2) Data from the sub-consolidation of subsidiary L'Oréal USA Inc.

GLOBAL INFORMATION RELATING TO SUBSIDIARIES AND INVESTMENTS

	Subsidiaries		Other investments	
	French	Foreign	French	Foreign
Book value of shares held:				
• Gross (after revaluation)	1,801,950	16,651,540	498,421	9,009
• Net	1,676,620	14,055,034	453,341	9,009
Amount of loans and advances granted	3,750,000	3,200		
Amount of guarantees and security granted	6,275	1,834,026		
Amount of dividends booked	860,702	3,894,824	420,889	0

6.6. Other information relating to the financial statements of L'Oréal S.A.

6.6.1. Expenses and charges falling under Article 223 *quater* of the French General Tax Code

The total amount of expenses and charges falling under Article 223 *quater* of the French General Tax Code (so-called sumptuary expenses) and the amount of tax applicable to such expenses and charges are as follows:

Expenses and charges	€3.2 million
Corresponding tax	€0.8 million

6.6.2. Invoices issued and received but not paid at the closing date of the financial year and in arrears

In accordance with the French law on the Modernisation of the Economy of 4 August 2008 and Articles L. 441-14 and D. 441-6 of the French Commercial Code, invoices issued and received but not paid at 31 December 2023 and in arrears are broken down as follows:

	Article D. 441-6, I.-1°: Invoices received but not paid at the reporting date and in arrears						Article D. 441-6, I.-2°: Invoices issued but not paid at the reporting date and in arrears					
	0 days (indicative)	**1–30 days**	**31–60 days**	**61–90 days**	**91 days or more**	**Total (1 day or more)[1]**	**0 days (indicative)**	**1–30 days**	**31–60 days**	**61–90 days**	**91 days or more**	**Total (1 day or more)**
A. Late payment tranches												
Number of invoices concerned	2					611						12,275
Total amount of invoices concerned, including taxes	34,141	68,432	11,812	-11,129	-642,031	-572,915		13,280,582	5,958,822	4,644,932	60,406,538	84,290,874
Percentage of total amount of purchases (including taxes) for the financial year	0.00%	0.00%	0.00%	0.00%	-0.02%	-0.01%						
Percentage of sales (including tax) for the financial year								0.27%	0.12%	0.09%	1.22%	1.70%
B. Invoices excluded from A. because of disputed or unrecognised payables and receivables												
Number of invoices excluded	1,087						2					
Total amount of invoices excluded	11,489,042						23,891					
C. Benchmark payment terms used (contractual or statutory term, Article L. 441-6 or L. 443-1 of the French Commercial Code)												
Benchmark payment terms used to calculate late payments	Contractual payment terms: 45 days from end of month Statutory payment terms: 45 days from end of month											

(1) *Including amount of invoices due to L'Oréal Group companies (intra-group): €769,758 for invoices received; €82,972,202 for invoices issued, i.e. 99.97% of the total amount.*

6.6.3. Net sales (excluding taxes)

€ millions Sales	2023	2022	% change
1st quarter	1,823.1	1,518.5	20.06%
2th quarter	1,821.3	1,575.5	15.61%
3th quarter	1,118.8	1,525.6	-26.66%
4th quarter	1,219.5	1,662.4	-26.64%
TOTAL	**5,982.7**	**6,282.0**	**-4.76%**

Sales includes sales of goods net of any rebates and discounts granted, along with services provided and technology royalties. The fall in net sales is mainly due to partial contributions of assets carried out on 1 July 2023.

6.7. Five-year financial summary

L'ORÉAL COMPANY (EXCLUDING SUBSIDIARIES)

€ millions (except for earnings per share, shown in €)	2019	2020	2021	2022	2023
I. Financial situation at financial year-end					
a) Share capital	111.6	112.0	111.5	107.0	106.9
b) Number of shares	558,117,205	559,871,580	557,672,360	535,186,562	534,725,475 (1)
c) Number of convertible bonds	0	0	0	0	0
II. Overall results of operations					
a) Net pre-tax sales	4,131.0	4,837.8	5,255.4	6,282.0	5,982.7
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment activities and profit-sharing reserve)	4,658.7	4,570.7	4,174.1	12,579.2	6,058.7
c) Income tax	-82.7	-22.8	-1.7	-250.4	-164.1
d) Net profit	4,105.8	4,158.8	3,860.5	12,343.1	3,826.3
e) Amount of distributed profits	2,172.6	2,264.4	2,601.2	3,248.4	3,564.0 (2)
III. Results of operations per share					
a) Profit after tax and profit-sharing, but before charges to depreciation, amortisation and provisions	8.12	8.07	7.43	22.98	10.95
b) Net profit	7.36	7.43	6.92	23.06	7.16
c) Dividend paid on each share (not including tax credit)	3.85	4.00	4.80	6.00	6.60 (2)
IV. Personnel					
a) Number of employees	7,692	8,900	9,134	9,543	8,219
b) Total salaries	692.3	804.6	860.9	945.8	879.3
c) Amount paid for welfare benefits (social security, provident schemes etc.)	346.2	408.6	415.8	430.5	428.4

(1) The share capital comprises 534,725,475 shares with a par value of €0.2, following the issue of 34,020 shares under the employee shareholding plan, the delivery of the 2019 ACAs Plan representing 776,525 shares and the cancellation of 1,271,632 shares.
(2) The dividend will be proposed to the Annual General Meeting of 23 April 2024.

6.8. Equity investments (main changes including shareholding threshold changes)

EQUITY INVESTMENTS

(Main changes including shareholding threshold changes >5%)

€ millions	31.12.2022 including revaluation		Acquisitions	Subscriptions	Others	31.12.2023	
Headings	Amount	%	Amount	Amount	Amount	Amount	%
Aesop UK Limited (United Kingdom)	-	-	968.2			968.2	100.0
Atelier Cologne (Luxembourg)	89.2	100.0			-0.3(1)	88.9	100.0
Laboratoire Sanoflore	5.2	100.0			5.2(2)	-	-
LOA3	90.4	100.0	0.0		-90.4(4)	-	-
L'Oréal Bangladesh Ltd	2.6	100.0			1.1	3.7	100.0
L'Oréal Brasil Pesquisas e Inovacao Ltda	287.8	90.8			-123.2(3)	164.6	90.8
L'Oréal Côte d'Ivoire	2.5	100.0			-2.5(4)	-	-
L'Oréal East Africa Ltd (Kenya)	61.3	100.0			5.3	66.6	100.0
L'Oréal France	-	-			772.5(4)	772.5	100.0
L'Oréal Fund For Nature Regeneration	60.0	100.0		15.0		75.0	100.0
L'Oréal International Distribution	-	-			11.6(4)	11.6	100.0
L'Oréal Pakistan	20.2	100.0			3.5	23.7	100.0
L'Oréal Produits de Luxe International	75.4	98.8			-1.5	73.8	98.8
L'Oréal Saudi Arabia	4.3	74.6			8.7	13.0	78.2
L'Oréal Slovensko (Slovakia)	0.2	100.0			-0.2(2)	-	-
L'Oréal Venezuela	27.0	100.0			-27.0(2)	-	-
L'Oréal West Africa (Ghana)	21.8	100.0			3.5	25.3	100.0
Luxury of Retail	0.8	100.0			-0.8(4)	-	-
Mugler Fashion	1.1	100.0		2.8		3.9	100.0
Nanda CO Ltd (Korea)	485.6	100.0			0.6(1)	486.1	100.0
Sciencemd	8.0	100.0		5.0		13.0	100.0
Soproréal	0.0	99.9	0.1			0.1	100.0

(1) Discounting of the earn-out.
(2) Disposal/liquidation.
(3) Capital increase or reduction.
(4) UTA/Merger/PCA.

6.9. Statutory Auditors' Report on the Financial Statements

Year ended December 31, 2023

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of Englishspeaking users.-

This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or the verification of the management report and other documents provided to the shareholders.This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Oréal,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of L'Oréal for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited nonaudit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.-

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments and intangible assets (excluding software and assets in progress)

See Notes "1.6 - Accounting principles - Intangible assets", "1.8.1 – Investments", "11 - Intangible assets", "13 - Financial fixed assets" and "29 - List of subsidiaries and investments" to the financial statements

Risk identified	Our response
As at December 31, 2023, investments and intangible assets (excluding software and assets in progress) were recorded in the balance sheet for a net book value of € 17 billion and € 3,5 billion, respectively, i.e. 77% of the balance sheet total. They were recorded at their date of entry at acquisition cost. An impairment loss is recognized if their value in use falls below their net book value. As described in Notes 1.6 and 1.8 to the financial statements, their value is examined annually by reference to their value in use, which takes into account: • for investments: the current and projected profitability of the concerned holding and the share of equity held; • for intangible assets: discounted future cash flows. Estimating the value in use of these assets requires Management's judgment in determining future cash flow projections and key assumptions used. Given the weight of investments and intangible assets in the balance sheet and the uncertainties inherent in certain items, including the realization of forecasts used in the valuation of the value in use, we considered the valuation of these assets to be a key audit matter with a risk of material misstatements.	We examined the methodology employed by Management to estimate the value in use of investments and intangible assets (excluding software and assets in progress). Our audit work mainly focused on examining, on the basis of the information provided to us, that the estimated values determined by Management were based on an appropriate valuation method, and in assessing the quality of these estimates by considering the data, assumptions and calculations used. We focused our work primarily on investments and intangible assets with a value in use close to their net book value. We assessed the reasonableness of the key estimates, and more specifically: • the consistency of revenue projections and the margin rate, compared to past performance and to the economic and financial context; • the corroboration of the growth rates used with the performance analyses of the global cosmetics market, taking into account the specificities of the local markets and of the distribution channels in which the Company operates; • the discount rates applied to future cash flows by comparing their parameters with external references, by including valuation experts into our team.

Revenue Recognition: estimation of items deducted from revenue

See Notes "1.1 – Accounting principles – Sales" and "2 – Sales" to the financial statements

This risk relates to the revenue generated by L'Oréal France during the first six months of the year, prior to the partial contribution of assets of Affaires Marché France and International Distribution executed July 1st, 2023.

Risk identified	Our response
Your Company's revenue is presented net of product returns made to distribution and discounts and rebates granted. These various deductions from revenue are recorded simultaneously with the recognition of sales in particular on the basis of contractual conditions and statistical data from past experience. At the end of the financial year, the valuation of the revenue thus includes estimates related to the amounts deducted, which we considered to be (i) complex, due to the diversity of contractual agreements and commercial conditions existing in your Company's different markets, (ii) sensitive, revenue being a key indicator in the valuation of the Company's and its Management's performance, and (iii) significant given their impact in the financial statements. The valuation of product returns, discounts, rebates and other benefits granted to customers is therefore considered to be a key audit matter.	We have assessed the appropriateness of your Company's accounting policies with respect to the recognition of product returns, discounts, rebates and other benefits granted to customers, in accordance with French accounting principles. We obtained an understanding of the internal control system put in place, which allows the valuation and recognition of the items deducted from revenue, particularly at closing, and we tested, by sampling, the main controls of this system. We also carried out substantive tests in order to assess the reasonableness of the estimate of product returns and customer benefits. These tests mainly consisted in: • analyzing the valuation methods used, in particular by critically examining the assumptions used, checking the permanence of the methods and analyzing the anteriority and unwiding of the previous financial year's provisions; • reconciling statistical data from past experience and contractual conditions with data contained in the information systems used to manage commercial conditions; • verifying the arithmetic accuracy of the calculation of the corresponding entries (including the residual commitment at closing), their recording in the accounts and their presentation in the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 4416 of the French Commercial Code (-*Code de commerce*).

Information relating to Corporate Governance

We attest that the section of the Board of Directors' management report on corporate governance sets out the information required by Articles L. 22537-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (-*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 2210-9 of the French Commercial Code -*(Code de commerce)* relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 2210-11 of the French Commercial Code (-*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 4511-2, I of the French Monetary and Financial Code (-*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of L'Oréal by your annual general meeting of April 29, 2004 for DELOITTE & ASSOCIES and of April 21, 2022 for ERNST & YOUNG Audit.

As at December 31, 2023, DELOITTE & ASSOCIES was in the twentieth year of total uninterrupted engagement and ERNST & YOUNG Audit in the second year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris–La Defense, February 16, 2024
The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David Dupont-Noel	Céline Eydieu-Boutté

7

Share capital and stock market information

AFR *This information is an integral part of the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code.*

L'Oréal is a French société anonyme (limited company) listed in Paris.

This chapter sets out the information relating to the Company, its share capital and the main details of its legal form and its Articles of Association.

Information about the L'Oréal share and its variation is also provided in this chapter.

7.1. Information relating to the Company

7.1.1. General information about the Company

L'Oréal is a French limited company (société anonyme) governed by French law. It is registered in the Paris Trade and Companies Register under number 632 012 100.

The Company's term shall be ninety-nine years, which began to run on 1 January 1963 and which shall therefore expire on 31 December 2061, except in the event of early dissolution or of extension (Article 5 of the Articles of Association). Each fiscal year shall have a duration of 12 months, beginning on 1 January and ending on 31 December of each year (Article 14 of the Articles of Association).

LEI (Legal Entity Identifier) Code: 529900JI1GG6F7RKVI53.

7.1.2. Corporate purpose (excerpts from Article 2 of the Articles of Association)

The Company's corporate purpose, both in France and/or at any other location anywhere throughout the entire world, includes:

- the manufacturing and the sale of cosmetic products in general; of all devices intended for the same uses as the products listed above; of all household maintenance products; of all products and articles relating to feminine and/or child hygiene and to the embellishment of human beings; the demonstration and advertising of such products; the manufacturing of packaging articles;
- the filing and the acquisition of all patents, licences, processes and manufacturing trademarks, their exploitation, assignment and/or contribution;
- all diversification transactions and all commercial, industrial, financial, movable property and/or real property transactions, made in the Company's interest, under any form whatsoever;
- the direct or indirect involvement in all transactions such as those listed above, in particular by means of the creation of companies, the contribution to pre-existing companies, merger or alliance with such companies.

7.1.3. General Management (Article 11 of the Articles of Association)

1. "In accordance with legal provisions, the General Management of the Company is assumed, under its responsibility, either by the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

   The choice between these two modes of exercising General Management is made by the Board of Directors each time a Chairman of the Board of Directors or a Chief Executive Officer is appointed or has his tenure renewed. The Board of Directors must inform shareholders and third parties of this choice in accordance with the statutory provisions.

   The choice of the Board of Directors concerning the mode of exercise of the General Management is made on the basis of a majority vote of the directors present or represented.

   Changing the mode of exercise of the General Management does not involve a modification of the Articles of Association.

   The Chief Executive Officer must leave office no later than the end of the Ordinary Annual General Meeting that follows his 65th birthday.
2. Depending on the choice made by the Board of Directors in accordance with the provisions of §1 above, the General Management is carried out either by the Chairman, or by a natural person, appointed by the Board of Directors and bearing the title of Chief Executive Officer.
3. The Chief Executive Officer is granted the most extensive powers to act in any circumstance on behalf of the Company. He exercises these powers within the limitations of the object of the Company, and subject to the powers expressly granted by law to Shareholders' Meetings.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is bound even by actions of the Chief Executive Officer which are outside the object of the Company, unless the Company can prove that the third party was aware that the action was outside the object of the Company, or that the third party could not be unaware of this in view of the circumstances, it being stated however that the mere publication of the Articles of association does not constitute such proof.

4. On the proposal of the Chief Executive Officer, whether this office is assumed by the Chairman of the Board of Directors or by another person, the Board of Directors may appoint one or more natural persons in charge of assisting the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

   In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to the Deputy Chief Executive Officers."

7.1.4. Annual General Meeting

Annual General Meetings are governed by all the legal provisions and regulations laid down in this connection. It is specified that, in accordance with Article 12 of the Company's Articles of Association, if the Board of Directors so decides when the General Meeting is called, any shareholder may take part in the meeting by videoconference or by any other telecommunication or remote transmission means including the Internet, under the conditions stipulated by the applicable regulations at the time it is used. If this decision is taken, it is communicated in the meeting notice published in the Bulletin des Annonces Légales Obligatoires (BALO).

Since the Annual General Meeting of 29 April 2004, double voting rights have been eliminated. Applying the provisions of French law No. 2014-384 of 29 March 2014, the Annual General Meeting of 22 April 2015 confirmed that each share entitles the holder to only one vote at General Meetings.

7.1.5. Statutory distribution of profits (Article 15 of the Articles of Association)

"**A.** From the distributable profits, the following amounts shall be withheld, in the following order:

1. The amount required to pay the "primary dividend" to the shareholders equal to five percent (5%) of the amounts paid up on the unredeemed securities in accordance with calls for funds, provided however that (where the profits for a given year do not allow such dividend to be paid) the shareholders shall not be entitled to claim such dividend from out of the profits of subsequent years.
2. From the available remainder, the Ordinary General Meeting, upon a proposal by the Board of Directors, shall have the authority to resolve to withhold the amounts that it deems appropriate (and even the entire amount of such available remainder), either to be carried forward to the next fiscal year, or to be paid into a "prudential fund" or into one or more ordinary, extraordinary or special reserve funds. Such reserve fund(s), which shall not bear any interest, may be distributed to the shareholders, or allocated to complete the 5% primary dividend for the shareholders, in the event of insufficient results during one or more fiscal years, or to acquire and to cancel treasury shares, or to redeem in whole or in part such shares.
3. The remaining balance (if any) shall be divided up among all the shareholders, without any discrimination, and each share shall entitle its holder to receive the same income.

   However, any shareholder who can prove at the end of a financial year, that shares have been registered in his name for at least two years and that they continue to be registered in his name at the date of payment of the dividend paid for such financial year, will be entitled to a preferential dividend on the shares that are thus registered, equal to 10% of the dividend (initial dividend and additional dividend) paid on the other shares, including in the event of payment of the dividend in new shares, the preferential dividend thus paid being rounded down to the nearest lower cent, if necessary.

   Similarly, any shareholder who can prove, at the end of a financial year, that shares have been registered in his name for at least two years and that they continue to be registered in his name at the date of completion of an increase in capital carried out through capitalisation of reserves, profits or share premiums by the distribution of free shares, shall be entitled to an increase in the number of free shares to be distributed to him, equal to 10%, this number being rounded down to the nearest lower unit in the event of fractional share rights.

   The new shares created in this manner will be identical, for the purposes of calculating the rights to the preferential dividend and to the increased share allocations, to the old shares from which they result.

   The number of shares eligible for these preferential dividends may not exceed 0.5% of the share capital at the closing date of the past financial year, for the same shareholder.

B. The losses (if any) shall be charged to the retained earnings from preceding fiscal years or to the reserve funds, and the balance shall be booked into a special "carry forward" account".

7.1.6. Statutory share capital ownership thresholds (extracts from Article 7 of the Articles of Association)

"Any person, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares or voting rights representing a fraction of the share capital or voting rights, taking into account equivalent securities under the meaning of Article L. 233-9 of the French Commercial Code, equal to 1% or a multiple of this percentage, and lower than 5%, must inform the Company of the total number of shares, voting rights and securities giving access to the share capital that it holds, as well as of equivalent securities under the meaning of Article L. 233-9 of the French Commercial Code, within a period of five trading days, from the date of the threshold crossing, pursuant to the notification and content conditions stipulated by the legal and regulatory provisions applicable to declarations of legal threshold crossings, and, notably by declaring the information that must be provided when a legal threshold is crossed to the French Financial Markets Authority (AMF), in accordance with its General Regulations. Such notice must also be given to the Company when a shareholder's ownership falls below one of the thresholds set forth above." This provision of the Articles of Association supplements the legal requirements covering disclosures concerning the crossing, upwards or downwards, of thresholds relating to one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, three-tenths, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of share capital or of voting rights.

"If not disclosed in accordance with the conditions stipulated by law or by the Articles of Association, the shares of the offending shareholder exceeding the fraction which should have been disclosed are deprived of voting rights, in accordance with the conditions stipulated in the French Commercial Code, if during a General Meeting the failure to disclose is noted and if one or more shareholders together holding at least 5% of the share capital so request during said meeting".

7.1.7. Consultation of documents relating to the Company

The Company's Articles of Association are available in full at www.loreal-finance.com, under the heading "Regulated information".

The Articles of Association, financial statements, reports and information for shareholders can be consulted, in the conditions provided for by law, during business hours preferably by appointment, at 41, rue Martre, 92117 Clichy Cedex, France. See also the www.loreal-finance.com website, the information of which is not an integral part of this document.

7.2. Information concerning the share capital AFR

7.2.1. Statutory requirements governing changes in the share capital and shareholders' rights

None.

7.2.2. Issued share capital and authorised unissued share capital

The share capital amounted to €106,945,095 at 31 December 2023. It was divided into 534,725,475 shares with a par value of €0.20 each, all of the same class and with the same dividend rights.

The following table summarises the currently valid authorisations granted to the Board of Directors by the Annual General Meeting[1] concerning the capital. It shows the use made of such authorisations over the financial year and presents the authorisations that are to be put to the vote at the Annual General Meeting on 23 April 2024.

(1) *In application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code.*

	Authorisations in force				Authorisations proposed to the Annual General Meeting of 23 April 2024		
	Date of the Annual General Meeting (resolution number)	Duration (date of expiry)	Maximum authorised amount	Use of the authorisation in 2023	Resolution No.	Duration	Maximum ceiling
Share capital increases							
Capital increase through the issue of shares with maintenance of preferential subscription rights	21 April 2023 (14th)	26 months (20 June 2025)	Increase the share capital to €149,852,237.36(1)	None			
Capital increase via the capitalisation of premiums, reserves, profits or other amounts	21 April 2023 (15th)	26 months (20 June 2025)	Increase the share capital to €149,852,237.36(1)	None			
Capital increase reserved for L'Oréal employees participating in the Company Savings Plan (PEE)	21 April 2023 (17th)	26 months (20 June 2025)	1% of the share capital on the date of the Annual General Meeting (i.e. as an indication, 5,351,866 shares at 31 December 2022)(2)	29,377	20	26 months (20 June 2026)	1% of the share capital on the date of the Annual General Meeting (i.e. as an indication, 5,347,254 shares at 31 December 2023)(2)
Capital increase reserved for employees of foreign subsidiaries	21 April 2023 (18th)	18 months (20 October 2024)	1% of the share capital on the date of the Annual General Meeting (i.e. as an indication, 5,351,866 shares at 31 December 2022)(2)	4,643	21	18 months (20 October 2025)	1% of the share capital on the date of the Annual General Meeting (i.e. as an indication, 5,347,254 shares at 31 December 2023)(2)
Share capital increase in order to remunerate the contributions in kind of equity securities or securities giving access to the share capital of third party companies.	21 April 2023 (16th)	26 months (20 June 2025)	2% of the share capital on the date of the decision to increase the share capital (i.e. as an indication, 10,703,731 shares at 31 December 2022)	None			
Buyback by the Company of its own shares							
Buyback by the Company of its own shares	21 April 2023 (13th)	18 months (20 October 2024)	10% of the share capital on the date of the buybacks (i.e. as an indication, 53,518,656 shares at 31 December 2022)	1,271,632	17	18 months (20 October 2025)	10% of the share capital on the date of the buybacks (i.e. as in indication, 53,472,547 shares at 31 December 2023)
Reduction in the share capital via cancellation of shares							
Cancellation of shares purchased by the Company under Article L. 22-10-62 of the French Commercial Code	21 April 2022 (18th)	26 months (20 June 2024)	10% of the share capital on the date of the buybacks (i.e. as an indication, 55,767,236 shares at 31 December 2021)	1,271,632	18	26 months (20 June 2026)	10% of the share capital on the date of the buybacks (i.e. as in indication, 53,472,547 shares at 31 December 2023)
Free grants of shares							
Grant of existing free shares or shares to be issued to the employees	21 April 2022 (19th)	26 months (20 June 2024)	0.6% of the share capital on the grant decision date (i.e. as an indication, 3,346,034 shares at 31 December 2021)	868,225	19	26 months (20 June 2026)	0.6% of the share capital on the grant decision date (i.e. as an indication, 3,208,352 shares at 31 December 2023)

(1) Total ceiling on capital increases, for all authorisations combined. It corresponds to maximum increases of 40% of the capital.

(2) The cumulative amount of increases in share capital that may be carried out pursuant to the 20th and 21st resolutions submitted for a vote of the Annual General Meeting on 23 April 2024 may not exceed the total amount of 1% of the share capital, which constitutes a ceiling that applies jointly to these two resolutions, a ceiling that was also common to the 17th and 18th resolutions adopted by the Annual General Meeting of 21 April 2023.

Since 22 June 2013, the Board of Directors no longer has authority to grant stock options to purchase or subscribe to shares.

On 31 December 2023, no subscription options had been granted or exercised as the most recent L'Oréal stock options plan expired in 2021 (see subsection 7.4.2.). Furthermore, 2,594,170 conditional shares had been granted to Group employees subject to performance conditions, not yet met. These 2,594,170 shares will be created when necessary and, where applicable, by the capitalisation of reserves. Accordingly, the potential share capital of the Company would amount to €106,945,095.00, divided into 534,725,475 shares with a par value of €0.20.

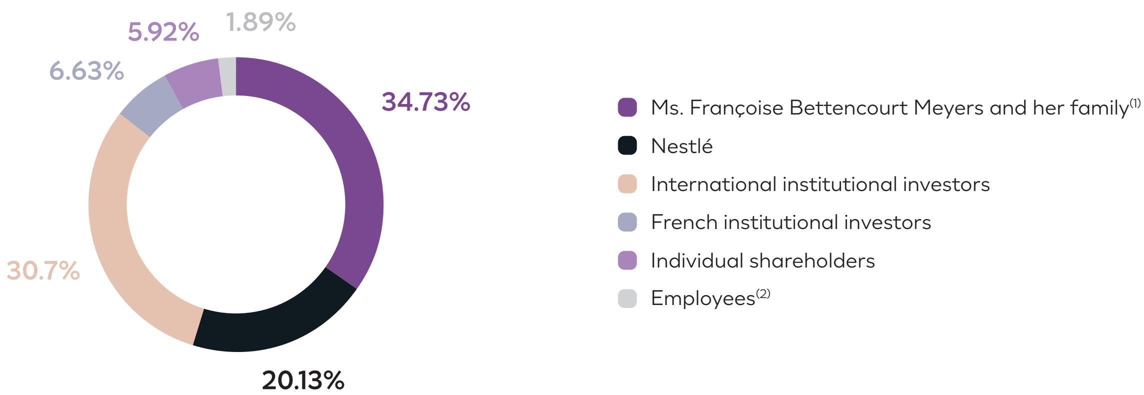
The Company has not issued any securities that grant indirect access to the share capital.

7.2.3. Changes in share capital over the last five years

Date	Nature of transaction	Amount of the change in share capital	Share premiums	Amount of share capital on completion of the transaction	Number of shares created or cancelled	Number of shares after the transaction
31.12.2018				€112,079,330.40		
01.01.2019 to 26.02.2019	Exercise of share subscription options	€57,499.20	€21,553,333.36	€112,136,829.60	287,496	560,684,148
26.02.2019	Employee shareholding plans	€0.80		€112,136,830.40	4	560,684,152
27.02.2019 to 22.04.2019	Exercise of share subscription options	€31,104.00	€10,717,971.48	€112,167,934.40	155,520	560,839,672
23.04.2019	Conditional grant of shares	€141,252.40		€112,309,186.80	706,262	561,545,934
23.04.2019 to 22.10.2019	Exercise of share subscription options	€56,523.60	€22,792,564.74	€112,365,710.40	282,618	561,828,552
22.10.2019	Employee shareholding plans	€0.80		€112,365,711.20	4	561,828,556
22.10.2019 to 31.10.2019	Exercise of share subscription options	€2,883.00	€1,163,389.45	€112,368,594.20	14,415	561,842,971
31.10.2019	Cancellation of shares	-€754,225.00		€111,614,369.20	-3,771,125	558,071,846
01.11.2019 to 30.11.2019	Exercise of share subscription options	€3,504.00	€1,416,001.60	€111,617,873.20	17,520	558,089,366
01.12.2019 to 31.12.2019	Exercise of share subscription options	€5,567.80	€2,224,836.37	€111,623,441.00	27,839	558,117,205
01.01.2020 to 21.04.2020	Exercise of share subscription options	€65,159.60	26,407,167.34	€111,688,600.60	325,798	558,443,003
21.04.2020	Employee shareholding plans	€1.60		€111,688,602.20	8	558,443,011
21.04.2020	Conditional grant of shares	€167,120		€111,855,722.20	835,600	559,278,611
22.04.2020 to 03.11.2020	Exercise of share subscription options	€24,999.60	€10,338,492.22	€111,880,721.80	124,998	559,403,609
03.11.2020	Employee shareholding plans	€90,593.40	€93,227,093.25	€111,971,315.20	452,967	559,856,576
03.11.2020 to 21.12.2020	Exercise of share subscription options	€3,000	€1,244,850.00	€111,974,315.20	15,000	559,871,576
21.12.2020 to 31.12.2020	Employee shareholding plans	€0.80		€111,974,316.00	4	559,871,580
01.01.2021 to 13.01.2021	Exercise of share subscription options	€40.00	€16,598.00	€111,974,356.00	200	559,871,780
14.01.2021 to 21.02.2021	Conditional grant of shares	€30.00		€111,974,386.00	150	559,871,930
22.02.2021 to 28.02.2021	Exercise of share subscription options	€94.00	€39,005.30	€111,974,480.00	470	559,872,400
01.03.2021 to 03.03.2021	Employee shareholding plans	€2.40		€111,974,482.40	12	559,872,412
04.03.2021 to 20.04.2021	Exercise of share subscription options	€10,345.40	€4,292,823.73	€111,984,827.80	51,727	559,924,139
21.04.2021	Conditional grant of shares	€148,455.20		€112,133,283.00	742,276	560,666,415
22.04.2021 to 29.07.2021	Employee shareholding plans	€1,066.60	€1,472,489.34	€112,134,349.60	5,333	560,671,748
30.07.2021	Cancellation of shares	-€600,000.00		€111,534,349.60	-3,000,000	557,671,748
31.07.2021 to 12.09.2021	Employee shareholding plans	€1.60		€111,534,351.20	8	557,671,756
13.09.2021 to 17.11.2021	Conditional grant of shares	€120.00		€111,534,471.20	600	557,672,356
18.11.2021 to 31.12.2021	Employee shareholding plans	€0.80		€111,534,472.00	4	557,672,360
01.01.2022 to 09.02.2022	Employee shareholding plans	€2.40		€111,534,474.40	12	557,672,372
10.02.2022	Cancellation of shares	-€4,452,000		€107,082,474.40	- 22,260,000	535,412,372
11.02.2022 to 18.04.2022	Employee shareholding plans	€2.40		€107,082,476.80	12	535,412,384
19.04.2022	Conditional grant of shares	€173,645		€107,256,121.80	868,225	536,280,609
26.07.2022	Employee shareholding plans	€89,653.40	€104,667,182.00	€107,345,775.20	448,267	536,728,876
27.07.2022 to 19.10.2022	Employee shareholding plans	€2.60		€107,345,777.80	13	536,728,889
20.10.2022 to 13.11.2022	Conditional grant of shares	€108.00		€107,345,885.80	540	536,729,429
14.11.2022 to 30.11.2022	Employee shareholding plans	€0.80		€107,345,886.60	4	536,729,433
01.12.2022 to 31.12.2022	Cancellation of shares	-€308,574.20		€107,037,312.40	-1,542,871	535,186,562
01.01.2023 to 19.04.2023	Conditional grant of shares	€155,305.00		€107,192,617.40	776,525	535,963,087
20.04.2023 to 24.07.2023	Employee shareholding plans	€5,875.40		€107,198,492.80	29,377	535,992,464
25.07.2023 to 09.10.2023	Employee shareholding plans	€928.60	€1,505,724.90	€107,199,421.40	4,643	535,997,107
10.10.2023 to 31.12.2023	Cancellation of shares	-€254,326.40		€106,945,095.00	-1,271,632	534,725,475

7.3. Shareholder structure AFR

STRUCTURE OF SHARE OWNERSHIP AS AT 31 DECEMBER 2023



(1) Consisting of Ms Françoise Bettencourt Meyers, Mr Jean-Pierre Meyers, Mr Jean-Victor Meyers and Mr Nicolas Meyers, in addition to the companies Téthys S.A.S. and Financière L'Arcouest S.A.S.

(2) With regard to employees and former employees of L'Oréal, the percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code. Of which 0.99% of the share capital as part of the L'Oréal Employee Savings Plan and employee investment funds as defined by Article L. 225-102 of the French Commercial Code.

7.3.1. Legal entities or individuals acting in concert to the Company's knowledge

The Bettencourt Meyers family consists of Ms Françoise Bettencourt Meyers, Mr Jean-Pierre Meyers, Mr Jean-Victor Meyers and Mr Nicolas Meyers, along with the companies Téthys S.A.S. and Financière L'Arcouest S.A.S.

As a reminder, following the expiry of the agreement concluded in 2004 between the Bettencourt Meyers family on the one hand and Nestlé S.A. on the other, these two shareholders have not acted in concert since 21 March 2018.

7.3.2. Variation in allocation of the share capital and voting rights over the last three years

Over the last three years, the allocation of the share capital and the voting rights has changed as follows:

	31.12.2023			31.12.2022			31.12.2021		
	Number of shares	% of capital	% of voting rights[4]	Number of shares	% of capital	% of voting rights[3]	Number of shares	% of capital	% of voting rights[3]
Ms Françoise Bettencourt Meyers and her family[1]	185 715 079	34.73	34.73[2]	185 715 079	34.70	34.70	185,715,079	33.30	33.30
Nestlé S.A.	107 621 021	20.13	20.13	107 621 021	20.11	20.11	107,621,021	19.30	19.30
Employees[3]	10,124,011	1.89	1.89	9,969,402	1.86	1.86	8,933,867	1.60	1.60
Public	231,265,364	43.25	43.25	231,881,060	43.33	43.33	233,142,393	41.80	41.80
Treasury shares	0	0	0	0	0	0	22,260,000	4.00	4.00
TOTAL	**534,725,475**	**100**	**100**	**535,186,562**	**100**	**100**	**557,672,360**	**100**	**100**

(1) Including, at 31 December 2023, 152,514,292 L'Oréal shares held in absolute ownership by Téthys S.A.S., a company controlled by Ms Françoise Bettencourt Meyers and her family, 27,650,000 L'Oréal shares held in absolute ownership by Financière L'Arcouest S.A.S., also controlled by Ms Françoise Bettencourt Meyers and her family, 5,532,455 shares held in absolute ownership by Ms Françoise Bettencourt Meyers, 15,332 shares held in absolute ownership by Mr Jean-Pierre Meyers, 1,500 shares held in absolute ownership by Mr Jean-Victor Meyers and 1,500 shares held in absolute ownership by Mr Nicolas Meyers.

(2) On 8 December 2021, the French Financial Markets Authority (French Financial Markets Authority – AMF) granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares (AMF decision no. 221C3388), accordingly, the Bettencourt Meyers family has undertaken, for a period expiring at the end of the Annual General Meeting of L'Oréal called in 2025 to approve the financial statements for the financial year ending 31 December 2024, in particular to refrain from exercising the proportion of voting rights in excess of 33.33% of L'Oréal's voting rights. Within the context of Ms Françoise Bettencourt Meyers' transfer on 29 December 2023 of 27,650,000 L'Oréal shares to the company Financière L'Arcouest S.A.S., on 12 December 2023, the AMF granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares (AMF decision no. 223C2036) following this internal reclassification within the Bettencourt Meyers family group.

(3) Concerns the current and former employees of L'Oréal. Pursuant to law no. 2015-990 of 6 August 2015, the percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code. Of which 0.99% of the share capital in the L'Oréal Employee Savings Plan (PEE) as defined by Article L. 225-102 of the French Commercial Code.

(4) Calculated in accordance with Article 223-11 of the General Regulations of the AMF.

At 31 December 2023, the Company did not hold any of its

At 31 December 2023, the Company did not hold any of its own shares. The number of shares held by each member of the Board of Directors is detailed in subsection 2.2.2.

The Company is authorised to trade in its own shares on or off the Stock Exchange in accordance with Articles L. 22-10-62 et seq. and L. 225-210 to L. 225-217 of the French Commercial Code, within the limits and in accordance with the purposes defined by the authorisations granted to it by the Annual General Meeting.

7.3.3. Employee share ownership

The employees and former employees of L'Oréal and its affiliates held 10,124,011 shares at 31 December 2023 representing 1.89%[1] of the share capital, 0.99% of which is held in the Employee Savings Scheme and the employee investment fund. At that date, this stake in the capital was held by 13,606 employees participating in the PEE as defined by Article L. 225-102 of the French Commercial Code, and 22,202 employees in Employee Mutual Funds (Fonds Commun de Placement Entreprise – FCPE) participating in the Group's Employee Shareholding Plan.

7.3.4. Disclosures to the Company of legal thresholds crossed and declarations of intent addressed to the Company during the financial year

Following Ms Françoise Bettencourt Meyers' transfer on 29 December 2023 of 27,650,000 L'Oréal shares to the company Financière L'Arcouest S.A.S.:

- Financière L'Arcouest S.A.S. declared (AMF declaration no. 224C0007) that on 29 December 2023 it had (i) individually crossed the upper legal thresholds of 5% of the share capital and voting rights of L'Oréal and (ii) in conjunction with the other members of the Bettencourt Meyers family, crossed all upper legal thresholds of 5% to one-third (inclusive) of the share capital and voting rights of L'Oréal;
- Pursuant to paragraph VII of Article L. 233-7 of the French Commercial Code and Article 233-17 of the General Regulation of the AMF, Financière L'Arcouest S.A.S. issued the following declaration concerning its intentions for the next six months:

  "The crossing of upper thresholds declared by Financière L'Arcouest is the result of internal reclassification within the Bettencourt Meyers family group, Financière L'Arcouest having acquired the full ownership of 27,650,000 L'Oréal shares as beneficiary of a contribution in kind transferred to it by Ms Françoise Bettencourt Meyers, who in exchange for this contribution was awarded shares newly issued by Financière L'Arcouest; by its nature, this contribution did not require any financing activities;

  Financière L'Arcouest, controlled by the Bettencourt Meyers family group, is part of the Bettencourt Meyers family (which also consists of Ms Françoise Bettencourt Meyers, Mr Jean-Pierre Meyers, Mr Jean-Victor Meyers, Mr Nicolas Meyers and the company Téthys S.A.S.) and does not act in conjunction with any third party of the Bettencourt Meyers family;

  It should be noted that, under the terms of a decision to grant the family a waiver from the obligation to file a draft public offer for the L'Oréal shares (AMF D&I 221C3388 dated 8 December 2021), the Bettencourt Meyers family has undertaken, for a period expiring at the end of the Annual General Meeting of L'Oréal called in 2025 to approve the financial statements for the financial year ending 31 December 2024, specifically not to acquire more L'Oréal shares than it has on this date and to refrain from exercising the proportion of voting rights in excess of 33.33% of L'Oréal's voting rights (these commitments could be lifted early in the event of significant changes to L'Oréal's environment, situation or shareholding); accordingly, Financière L'Arcouest does not intend to increase its stake in L'Oréal or acquire control of the company;

  Financière L'Arcouest supports the strategy defined and implemented by the General Management of L'Oréal and does not intend to propose the implementation of any transaction referred to in paragraph 6, section I of Article 223-17 of the General Regulation of the AMF;

  Financière L'Arcouest does not hold any financial instruments nor has it entered into any agreements referred to in paragraphs 4 and 4 bis of section T of Article L. 233-9 of the French Commercial Code;

  Financière L'Arcouest has not entered into any temporary repurchase agreements in exchange for L'Oréal shares or voting rights;

  the Bettencourt Meyers family has three representatives on the L'Oréal Board of Directors. Financière L'Arcouest does not intend to request a seat on the board for itself or any other person."
- Ms Françoise Bettencourt Meyers declared that on 29 December 2023 she had individually descended below the lower legal thresholds of 5% of the capital and the voting rights of L'Oréal (AMF declaration no. 224C0007).

For the avoidance of doubt, it is specified that within the framework of this contribution of assets, the Bettencourt Meyers family did not cross any legal threshold within L'Oréal. The breakdown of share capital at 31 December 2023 is detailed in subsection 7.3.2.

(1) *Concerns the current and former employees of L'Oréal. The percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code.*

7.3.5. Shareholders' agreements relating to the securities comprising the Company's share capital

Collective lock-up agreements concluded pursuant to the French General Tax Code

L'Oréal was informed that on 16 December 2016, the members of the Bettencourt Meyers family group, and Mr Jean-Paul Agon for 100 shares, signed lock-up agreements under the Dutreil law for 185,704,189 L'Oréal shares representing 33.065% of the capital and of the voting rights of the Company on the date of the agreement.

The lock-up agreements were concluded in application of Articles 787 B and 885 I bis of the French General Tax Code for a period of two years, tacitly renewable for one-year periods. They do not include any preferential rights for sales or acquisitions for the benefit of the signatories and do not constitute a concerted action vis-à-vis the Company.

On friday 29 December 2023, the agreements concluded in 2016 were terminated and a new lock-up agreement was concluded pursuant to Article 787 B of the French General Tax Code, representing the same number of L'Oréal shares and similar to those concluded in 2016, with the addition of the company Financière L'Arcouest (controlled by Ms Françoise Bettencourt Meyers and her family) as a signatory.

Commitments of the Bettencourt Meyers family associated with their waiver granted in 2021 by the AMF from the obligation to file a draft public offer for the L'Oréal shares[1]

Following the 2021 repurchase by L'Oréal of 4% of its own shares held by Nestlé, and the consequent cancellation in February 2022 of the 22,260,000 shares thus repurchased by L'Oréal, the Bettencourt Meyers family exceeded the thresholds of one third of the Company's share capital and voting rights. The AMF granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares. Accordingly, the Bettencourt Meyers family has undertaken[2], for a period expiring at the end of the Annual General Meeting of L'Oréal called in 2025 to approve the financial statements for the financial year ending 31 December 2024:

- not to acquire shares in L'Oréal beyond those they held on the date of the AMF's waiver decision;
- to refrain from participating in decisions of L'Oréal's governance bodies that could lead to a passive increase in the capital and voting rights of L'Oréal; and
- to refrain from exercising the proportion of its voting rights in excess of 33.33% of the voting rights of L'Oréal.

Within the context of the transfer by Ms Françoise Bettencourt Meyers of 27,650,000 L'Oréal shares to the company Financière L'Arcouest, on 12 December 2023, the AMF granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares (AMF decision no. 223C2036) following this internal reclassification within the Bettencourt Meyers family group. As a member joining the Bettencourt Meyers family group, Financière L'Arcouest is therefore required to comply with the aforementioned commitments made by the Bettencourt Meyers family group as part of the waiver decision of 8 December 2021.

The Company is not aware of any shareholders' agreements affecting shares and its capital other than those described above.

7.3.6. Buyback and cancellation by the Company of its own shares

During the 2023 financial year, the Company redeemed 1,271,632 of its own shares, in accordance with the authorisation approved by the Annual General Meeting of 21 April 2023.

The table below summarises by purpose the transactions carried out in this context and the use made of the securities redeemed:

Date of authorisation of the Annual General Meeting	13th resolution of 21 April 2023
Authorisation expiry date	20 October 2024
Maximum amount of authorised buybacks	10% of the share capital on the date of the buybacks (i.e. as an indication, 53,518,656 shares at 31 December 2022)
Maximum purchase price per share (excluding costs)	€600
Authorised purposes	Cancellation Employee shareholding Free grants of shares Liquidity and market stabilisation External growth, merger, demerger or contribution
Board of Directors' meeting that decided on the buybacks	27 July 2023
Purpose of buybacks	Cancellation
Period of buybacks made	From 6 September 2023 to 30 November 2023
Number of shares bought back	1,271,632
Average purchase price per share	€393.20*
Use of shares bought back	Cancellation

* *Excluding expenses.*

(1) *AMF Decision No. 221C3388.*
(2) *These commitments could be lifted early if there are significant changes to L'Oréal's environment, situation or shareholding, provided that the Bettencourt Meyers family submits to the AMF in advance their intention to do so.*

1,271,632 shares were cancelled in 2023. Over the last 24 months, 25,074,503[1] shares have been cancelled.

As of 31 December 2023, the Company does not hold any of its own shares.

No use was made of derivatives to make the share buybacks. There was no open purchase or sale position at 31 December 2023.

7.3.6.1. Renewal by the Annual General Meeting of the authorisation given to the Board to trade in the Company's shares

By voting a new resolution, the Annual General Meeting could give the Board of Directors the means to enable it to continue with the buyback policy.

This authorisation would be given for a maximum period of 18 months as from the date of the Annual General Meeting and the purchase price per share could not exceed €700 (excluding expenses); provided that in the event a public offer is filed for the Company's securities by a third party, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

The Company would be able to buy its own shares for the following purposes:

- cancelling them;
- selling them within the scope of employee share ownership programmes and allocating them to free grants of shares for the benefit of employees and directors and corporate officers of the Group;
- market-making under a liquidity agreement; and
- retaining the shares and subsequently using them as payment in connection with external growth, merger, demerger or contribution transactions.

The authorisation would concern up to 10% of the share capital, i.e., as an indication, 53,472,547 shares for a maximum amount of €37,430,783,250 at 31 December 2023; it being specified that the Company may not at any time hold more than 10% of its own share capital.

The purchase, sale, exchange or transfer of these shares may be carried out by any means on one or more occasions, on or off the stock market, including in whole or in part, through the acquisition, sale, exchange or transfer of blocks of shares. These means include the use of all financial instruments and derivatives (see Resolution 17).

7.4. Long-term incentive plans AFR

7.4.1. Presentation of the stock option Plans for the purchase or subscription of shares and Plans for Conditional Grants of Shares to employees (ACAs)

Policy

For several years, L'Oréal has set up long-term incentive plans in favour of its employees and corporate officers in an international context, in the form of grants of performance shares.

These grants serve a dual purpose:

- motivate and reward those who make significant contributions to future increases in the Group's financial and non-financial results; and
- strengthen involvement and the sense of belonging of its beneficiaries by fostering long-term loyalty in a context of increased competition for talent.

Since the 2022 ACAs Plan, performance conditions have included the non-financial criteria described below. These criteria serve L'Oréal's dual goal: economic and social excellence to create sustainable value for all.

History

Until 2009, L'Oréal's Board of Directors exclusively granted stock subscription or purchase options to the senior managers and corporate officers whom L'Oréal wished to reward for their performance and their important role, wherever they might be geographically located.

In 2009, L'Oréal's Board of Directors enlarged its policy by introducing an ACAs vehicle.

The objective was:

- to provide a long-term incentive offering greater motivation to all those who received stock options only occasionally or in limited numbers; and
- to reach out to a broader population of potential beneficiaries, particularly internationally, in a context of increased competition for talents.

(1) *For the avoidance of doubt, it should be noted that 23,802,871 shares were cancelled during the 2022 financial year, including the 22,260,000 shares that were repurchased by L'Oréal from Nestlé in December 2021.*

In 2011, L'Oréal's Board of Directors decided to make ACAs the main vehicle for its long-term incentive policy by extending the grant of shares to the main senior managers of the Group who until then only had received stock options. In 2012, at the suggestion of the Human Resources and Remuneration Committee, the Board of Directors went one step further in this policy and decided to replace the grant of stock options with conditional grants of shares for all beneficiaries as of the 2013 Plan.

Grant process

The plans are proposed by General Management to the Board of Directors which decides, after receiving the opinion of the Human Resources and Remuneration Committee, the principle of these plans and the applicable conditions and rules.

In accordance with the AFEP-MEDEF Code recommendation, these grants are made over the same period each year: between 2009 and 2019 they were put in place following the approval of the financial accounts for the previous financial year by the Annual General Meeting and since 2020 they have been put in place at the end of the year, being specified that the first year the performance conditions are assessed is the financial year following the year of grant.

The decision with regard to each individual grant is, in every case, contingent upon the quality of the performance rendered at the time of implementation of the plan with particular attention being paid to the main talents for the future. According to the eligibility criteria linked to the position held by the beneficiary and the size of the entity or the country in which the beneficiary works, to ensure worldwide fairness, these grants are made every year, on a recurring basis every two to three years, or more regularly.

The General Management and the Board of Directors reiterate the importance that is given to bringing together the interests of the beneficiaries of conditional grants of shares and those of the shareholders themselves.

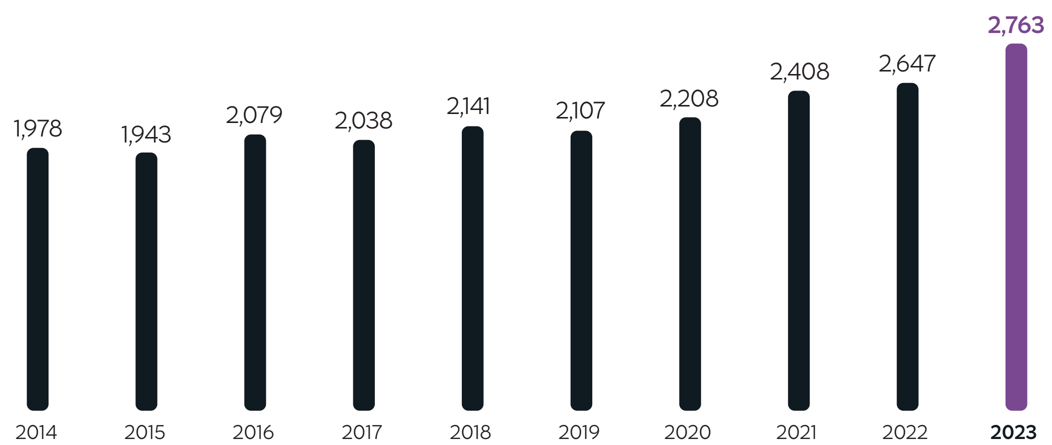
The beneficiaries (senior managers and corporate officers) share with the shareholders the same confidence in the strong steady growth of the Company with a medium and long-term vision.

The attention of the beneficiaries of conditional grants of shares is drawn to the regulations in force concerning persons holding "inside information". The beneficiaries of conditional grants of shares undertake to read L'Oréal's Stock Market Code of Ethics, included in the beneficiary's grant file.

Number of beneficiaries

54% of the beneficiaries of the 12 October 2023 Plan are women. Nearly 3,600 employees, representing 8% of the managers around the world, nearly 54% of whom are in international subsidiaries, benefit or have benefited from at least one conditional grant of shares plan since 2019 and were still employees of the Company on 31 December 2023.

VARIATION IN THE NUMBER OF ACAS BENEFICIARIES SINCE 2014



7.4.2. Absence of stock option plans for the subscription and purchase of shares of the Company

On 31 December 2023, there was no stock option plan in place for the purchase of Company shares[(1)], the last plan having expired in 2021.

(1) There are no stock options plans in L'Oréal subsidiaries.

7.4.3. Plan for the Conditional Grants of Shares (ACAs)

7.4.3.1. Authorisation of the Ordinary and Extraordinary General Meeting of 21 April 2022

The Annual General Meeting of 21 April 2022 gave the Board of Directors the authorisation to carry out free grants of existing shares and/or shares to be issued to employees and corporate officers of the Company and of its French or foreign subsidiaries under the conditions of Article L. 225-197-2 of the French Commercial Code.

The Annual General Meeting set the period of validity of the authorisation, which may be used on one or more occasions, at 26 months.

The total number of free shares thus granted may not represent more than 0.6% of the share capital recorded on the date of the Board of Directors' decision.

The number of free shares granted to the Company's corporate officers may not represent more than 10% of the total number of free shares granted during a financial year pursuant to this resolution.

The Board of Directors will determine the identity of the beneficiaries of the free shares and the number granted to each of them. It will also determine the conditions to be met in order for the shares to fully vest, in particular the financial and non-financial performance conditions.

Financial and non-financial performance conditions

The financial performance criteria are based on:

- the growth in L'Oréal's like-for-like cosmetics sales as compared to those of a panel of its biggest direct competitors[1]; and
- variation in L'Oréal's consolidated operating profit;

The non-financial performance criteria are based on:

- the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future program (% of sites achieving 100% renewable energy, formerly known as "carbon neutral"[2]; % of formula ingredients that are biobased, traceable and come from sustainable sources; % of plastic packaging that comes from either recycled or biobased sources; number of people benefiting from the Group's brands' social commitment programs); and
- gender balance within strategic positions including the Executive Committee.

The Board of Directors indeed considers that these two types of criteria, assessed over a long period of three financial years and applied to several plans, are complementary, in line with the Group's objectives and its specificities and likely to promote balanced, continuing growth over the long term. They are challenging but remain a source of motivation for the beneficiaries. The grant of such shares to their beneficiaries, for all or part of the shares granted, will become final provided that the other conditions set at the time of grant are met, at the end of a minimum vesting period of four years.

Pursuant to the **criterion related to net sales**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. Below this level, the grant decreases. If L'Oréal's comparable growth in net sales is less than the average growth in net sales of the panel of competitors over the period, no share will be allocated for this criterion.

Pursuant to the **criterion related to operating profit**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, a level of growth defined by the Board of Directors, but not made public for confidentiality reasons, must be achieved or exceeded. Below this level, the grant decreases. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion.

Pursuant to the **criterion related to the achievement of the L'Oréal for the Future Commitments**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, the L'Oréal for the Future Commitments have to be met at a certain level, as defined by the Board of Directors and made public, on average over the course of the vesting period. Below this level, the grant decreases. No shares will fully vest under this criterion if the average level of achievement of the L'Oréal for the Future Commitments falls below the minimum level defined by the Board of Directors and made public.

With regard to the **criterion of gender balance in strategic positions**, including the Executive Committee, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, the average proportion of employees of each gender in strategic positions must be at least 40%. Below this level, the grant decreases. No shares will vest in relation to this criterion if the average representation of one of the genders is less than 35% over the vesting period.

These performance conditions will apply, for all individual grants greater than 100 free shares per plan, to all shares above the hundredth share, with the exception of grants to the corporate officers and members of the Executive Committee, for which they will apply in total. The free grant of shares may be carried out for all Group employees without performance conditions, or for shares allocated on the basis of cash subscriptions carried out as part of an increase in share capital reserved for Group employees.

The Board of Directors will be able to settle vesting and holding periods which are longer than the minimum periods set above. This mechanism for the conditional grant of shares complies with the AFEP-MEDEF Code.

Any allocations of shares to the corporate officers will be decided by the Board of Directors on the basis of the proposals of the Human Resources and Remuneration Committee after assessment of their performance. The corporate officers of L'Oréal will be required to hold 50% of their fully vested shares in registered form until they cease to hold office.

(1) The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.

(2) A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect Market Based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.

7.4.3.2. Conditional Grants of Shares granted within the framework of the authorisation of 21 April 2022 (ACAs Plan of 12 October 2023)

On the basis of the proposals made by the General Management and examined by the Human Resources and Remuneration Committee, the Board of Directors decided, at its meeting on 12 October 2023, to make a Conditional Grant of Shares within the scope of the authorisation granted by the Annual General Meeting on 21 April 2022.

The share capital at 12 October 2023 comprised 535,997,107 shares, and 3,215,982 shares could therefore be issued.

The Board of Directors used this authorisation at its meeting of 12 October 2023 by granting 650,580 shares to 2,763 beneficiaries. This is a free grant of shares to be issued.

Vesting of the shares is subject to a dual condition:

- presence: the shares granted will only vest after a period of four years at the end of which the beneficiary must still be an employee of the Group (except in the cases provided by the law or the Plan rules); and
- performance, evaluated as follows:

Financial criteria represent 80% of the performance conditions, split evenly between:

- the growth in L'Oréal's like-for-like cosmetics sales as compared to those of a panel of its biggest direct competitors(1); and
- the variation in L'Oréal's consolidated operating profit.

Non-financial criteria represent 20% of performance conditions and are based on:

- for 15%, the fulfilment of environmental and social responsibility commitments made by the Group as part of the *L'Oréal for the Future* program (% of sites achieving 100% renewable energy, formerly known as "carbon neutral"(2); % of formula ingredients that are biobased, traceable and come from sustainable sources; % of plastic packaging that comes from either recycled or biobased sources; number of people benefiting from the Group's brands' social commitment programs); and
- for 5%, the gender balance within strategic positions including the Executive Committee.

The calculation will be made on the basis of the arithmetic average of the performances for financial years 2024, 2025 and 2026.

Pursuant to the criterion relating to net sales, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. Below this level, the grant decreases. If L'Oréal's comparable growth in net sales is less than the average growth in net sales of the panel of competitors over the period, no share will be allocated for this criterion. The Board of Directors defines a threshold, not made public for confidentiality reasons, below which no share will finally vest pursuant to this criterion.

Pursuant to the criterion related to operating profit, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, a level of growth defined by the Board of Directors, but not made public for confidentiality reasons, must be met or exceeded. Below this level, the grant decreases. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion.

Pursuant to the criterion related to the achievement of the L'Oréal for the Future Commitments, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, an average of 70% of the L'Oréal for the Future Commitments must be achieved during the vesting period. Below this level, the grant decreases. If the average level of achievement for the *L'Oréal for the Future* Commitments falls below 55%, no shares will finally vest pursuant to this criterion.

Pursuant to the criterion related to gender balance in strategic positions, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, the average representation of one of the genders must account for at least 40% of employees in strategic positions. Below this level, the grant decreases. If the average representation of one of the genders is less than 35% over the vesting period, no shares will finally vest in relation to this criterion.

The Human Resources and Remuneration Committee is responsible for communicating to the Board of Directors the level of indicators recorded for the years to be used for the calculation of the performance conditions. The Board of Directors records, at the appropriate time, the level of performance achieved on which the number of shares that finally vests depends.

The figures recorded each year to determine the levels of performance achieved are published in paragraph 7.4.3.6.

The vesting of the first 100 conditional grants of shares is not subject to fulfilment of the performance conditions except for beneficiaries who were members of the Executive Committee at grant date, including the Chief Executive Officer.

7.4.3.3. Shares granted to the 10 employees other than directors and corporate officers to whom the largest number of shares have been granted

The total number of shares granted in 2023 to the 10 employees other than corporate officers who received the largest number of shares was 70,650 shares.

(1) The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.

(2) A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect Market Based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.

7.4.3.4. Existing Conditional Grants of Shares at 31 December 2023

Date of authorisation by the Extraordinary General Meeting	30.06.2020	30.06.2020	21.04.2022	21.04.2023
Date of grant by the Board of Directors	14.10.2020	07.10.2021	13.10.2022	12.10.2023
Total number of shares conditionally granted	713,660	588,750	700,000	650,580
Of which the 10 employees other than directors and corporate officers granted the largest number of shares[(1)]	111,250	72,400	78,400	70,650
Number of beneficiaries	2,208	2,408	2,647	2,763
Performance conditions	• 50%:growth in like-for-like cosmetics sales as compared to a panel of competitors[(2)]. • 50%: variation in L'Oréal Group's consolidated operating profit		• 80% based on financial performance criteria, split evenly between: • the growth in like-for-like cosmetics sales as compared to a panel of competitors[(2)] and, • the variation in L'Oréal's consolidated operating profit. • 20% based on non-financial performance criteria, of which: • 15% depends on the fulfilment of environmental and social responsibility commitments made by the Group as part of the *L'Oréal for the Future* program. • 5% depends on the gender balance within strategic positions, including the Executive Committee.	
Date of vesting	15.10.2024	08.10.2025	14.10.2026	13.10.2027
End of lock-in period	N/A	N/A	N/A	N/A

(1) Employees who are not directors or corporate officers of L'Oréal or employees of companies included within the scope of the grant of shares.
(2) The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue (formerly Johnson & Johnson), Henkel, LVMH, Kao and Coty.

7.4.3.5. Shares finally vested under the 14 October 2020 ACAs plan

At its meeting on 8 February 2024, the Board of Directors found that 100% of the performance conditions were achieved during the three years taken into consideration by the ACAs plan of 14 October 2020, namely 2021, 2022 and 2023. Accordingly, the beneficiaries who fulfil the conditions of the plan on 14 October 2024 and, in particular, that relating to the condition of presence in the Company, will receive 100% of the shares that were granted to them.

For the record, Mr Jean-Paul Agon, Chairman and Chief Executive Officer at the time of the grant of shares, told the Board of Directors that he did not wish to be granted ACAs for the 2020 financial year. He did not benefit from any grant of shares under the Plan of 14 October 2020.

TABLE MONITORING THE PERFORMANCE CONDITIONS OF THE ACAS PLAN OF 14 OCTOBER 2020

ACAs plan of 14 October 2020	2021	2022	2023	Arithmetic average of performances for financial years 2021, 2022 and 2023
50% growth in like-for-like sales compared to a panel of competitors*	**+6.9 points** (+16.1%/+9.2%)	**+7.3 points** (+10.9%/+3.6%)	**+5.8 points** (+11%/+5.2%)	**+6.7 %**
50% variation in the Group's operating profit	**+18.30%** (5,209.0/6,160.3)	**+21.00%** (6,160.3/7,456.9)	**+ 9.20%** (7,456.9/8,143.3)	**+16.2 %**

** The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue (formerly Johnson & Johnson), Henkel, LVMH, Kao and Coty.*

7.4.3.6. Tables monitoring performance conditions for the ACAs plans that are currently in progress

ACAs plan of 7 October 2021	2022	2023	2024
50% growth in like-for-like sales compared to a panel of competitors*	**+7.3 points** (+10.9%/+3.6%)	**+5.8 points** (+11%/+5.2%)	pending
50% variation in the Group's operating profit	**+21.00%** (6,160.3/7,456.9)	**+ 9.20%** (7,456.9/8,143.3)	pending

ACAs plan of 13 October 2022	2023	2024	2025
• **80% based on financial performance criteria, split evenly between:** • the growth in like-for-like net sales as compared to a panel of competitors* • the variation in the Group's operating profit	**+5.8 points** (+11%/ +5.2%) **+ 9.20%** (7,456.9/ 8,143.3)	pending	pending
• **20% based on non-financial performance criteria, of which:**			
• 15% depends on the fulfilment of environmental and social responsibility commitments made by the Group as part of the *L'Oréal for the Future* program			
– % of sites achieving 100% renewable energy (formerly known as "carbon neutral"[(1)])	77%	pending	pending
– % of our formula ingredients that are biobased, traceable and come from sustainable sources	93%	pending	pending
– % of plastic packaging that comes from either recycled or biobased sources	32%	pending	pending
– number of people benefiting from the Group's brands' social commitment programs in relation to the target of three million people by 2030	4 million	pending	pending
• 5% depends on the gender balance within strategic positions, including the Executive Committee	48% women	pending	pending

ACAs plan of 12 October 2023	2024	2025	2026
• **80% based on financial performance criteria, split evenly between:** • the growth in like-for-like net sales as compared to a panel of competitors* • the variation in the Group's consolidated operating profit	pending	pending	pending
• **20% based on non-financial performance criteria, of which:**			
• 15% depends on the fulfilment of environmental and social responsibility commitments made by the Group as part of the *L'Oréal for the Future* program	pending	pending	pending
– % of sites achieving 100% renewable energy (formerly known as "carbon neutral"[(1)])	pending	pending	pending
– % of our formula ingredients that are biobased, traceable and come from sustainable sources	pending	pending	pending
– % of plastic packaging that comes from either recycled or biobased sources	pending	pending	pending
– number of people benefiting from the Group's brands' social commitment programs in relation to the target of 12 million by 2026[(2)]	pending	pending	pending
• 5% depends on the gender balance within strategic positions, including the Executive Committee	pending	pending	pending

(1) *A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect Market Based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.*

(2) *Cumulatively since 2020, the year the L'Oréal for the Future programme was launched. For information purposes, by the end of 2023, a total of seven million people had benefited from the Group's brands' social commitment programs since 2020.*

* *The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue (formerly Johnson & Johnson), Henkel, LVMH, Kao and Coty.*

7.4.4. Renewal of the authorisation for Conditional Grants of Shares submitted to the Ordinary and Extraordinary General Meeting of 23 April 2024

The authorisation granted by the Annual General Meeting of 21 April 2022 to the Board of Directors to grant free shares to Group employees and some of its corporate officers expires in 2024. A new authorisation will be submitted to the Annual General Meeting of 23 April 2024. See Resolution 19.

7.5. The L'Oréal share: price performance

7.5.1. The L'Oréal share

7.5.1.1. Information on the L'Oréal share

ISIN code: FR0000120321.

Loyalty bonus codes:

- Shares that already benefit from preferential dividend rights: FR0011149590.
- Dividend +10% in 2024: FR0014007103.
- Dividend +10% in 2025: FR001400ECA7.
- Dividend +10% in 2026: FR01400M8G9.

Quantity: 1 share.

Par value: €0.20.

Trading on the spot market of Euronext Paris.

Eligible for the Deferred Settlement Service (SRD).

Unsponsored American Depositary Receipts are freely traded in the United States through certain banks operating in the United States.

7.5.1.2. Données boursières

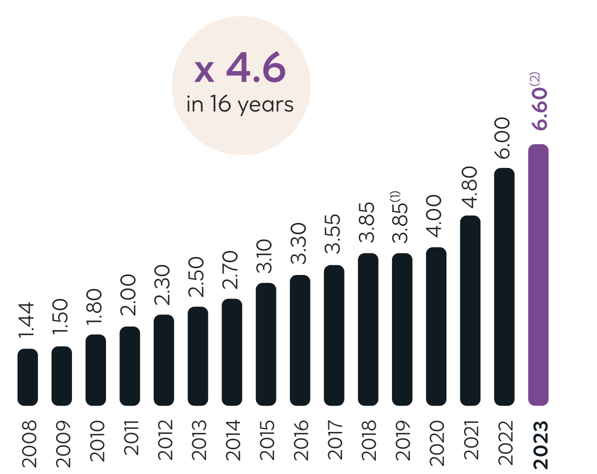
Share price at 29 December 2023[1]	€450.65
Average of closing share prices for the last 30 trading days of 2023	€409.68 euros
Low	€334.30 on 02.01.2023
High	€460.00 on 19.12.2023
Annual share price increase at 29 December 2023[1]	
• L'Oréal	+35.09%
• CAC 40	+16.52%
• Euronext 100	+13.31%
• DJ Euro Stoxx 50	+19.19%
• Stoxx Europe 600 Personal and Household Goods	+14.24%
Market capitalisation at 29 December 2023	€241.0 billion[2]
At 29 December 2023 [1], the L'Oréal share weighed:	
• in the CAC 40	+6.5%
• in the DJ Euro Stoxx 50	+3.6%
• in the Stoxx Europe 600 Personal and Household Goods	+12.3%

(1) The last trading day of 2023 is Friday, December 29, 2023.
(2) Out of the number of shares at 29 December 2023, i.e. 534,725,475 shares.

7.5.1.3. Dynamic shareholder return policy

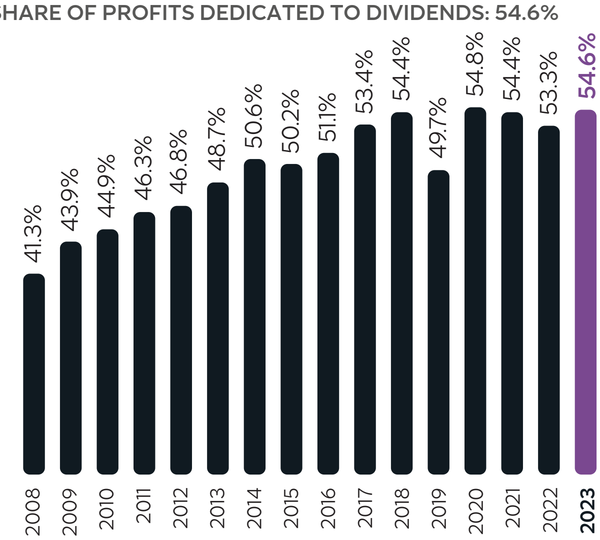
- Earnings per share: 11.55 euros[1].
- Dividend per share: 6.60 euros[2].

STEADY INCREASE IN DIVIDEND PER SHARE
(€)



(1) The L'Oréal Board of Directors met on 12 May 2020 and, in the exceptional context of the Covid-19 health crisis, decided to abandon the planned 10.4% dividend increase and to propose a dividend of €3.85 to the Annual General Meeting, identical to the amount paid in 2019.
(2) Dividend proposed to the Annual General Meeting of 23 April 2024.

SHARE OF PROFITS DEDICATED TO DIVIDENDS: 54.6%



(1) Diluted net earnings per share attributable to owners of the Company excluding non-recurring items.
(2) Proposed dividend at the Annual General Meeting of 23 April 2024.

7.5.2. Share market

7.5.2.1. Trading volumes and change in the price of the Company's share

According to Euronext data, the only stock market for which reliable retrospective statistics could be collected.

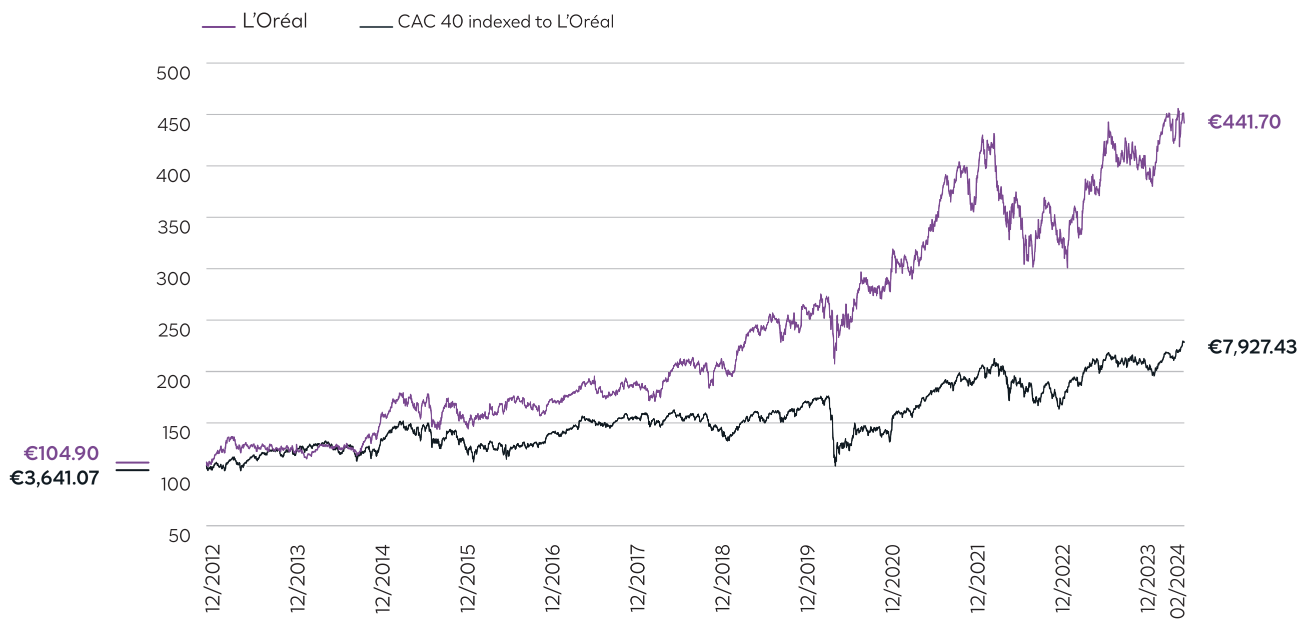
Date	Price (€) High	Price (€) Low	Price (€) Average	Average daily trading volume (€ millions)
2021				
January	316.10	290.10	300.54	117.79
February	320.00	292.40	308.61	126.93
March	329.10	304.00	318.50	127.93
April	350.65	322.45	338.72	125.10
May	372.40	340.70	355.23	122.41
June	395.95	367.00	382.72	155.30
July	388.75	360.45	377.23	130.22
August	406.25	381.55	396.34	114.68
September	402.65	356.85	385.89	147.22
October	394.95	351.00	370.41	147.63
November	430.45	392.75	413.21	162.73
December	433.65	395.55	415.82	132.42

Date	Price (€) High	Price (€) Low	Price (€) Average	Average daily trading volume (€ millions)
2022				
January	431.95	361.45	389.93	162.86
February	385.25	328.80	360.53	189.65
March	376.10	322.50	351.31	207.06
April	376.35	334.35	357.78	149.80
May	345.10	300.90	320.72	167.03
June	343.95	300.45	321.03	136.81
July	373.00	323.05	343.60	138.24
August	372.15	339.00	359.07	103.39
September	361.70	319.70	337.10	138.33
October	341.10	304.05	324.84	131.76
November	356.70	300.70	338.17	138.13
December	364.80	330.00	345.40	114.74

Date	Price (€) High	Price (€) Low	Price (€) Average	Average daily trading volume (€ millions)
2023				
January	388.40	334.30	370.64	128.25
February	393.60	364.20	381.50	143.21
March	413.55	365.80	385.98	150.45
April	442.60	409.05	424.96	161.66
May	440.00	396.80	417.15	124.63
June	428.80	395.05	408.53	134.11
July	427.85	397.20	412.91	115.57
August	426.25	393.55	407.22	102.96
September	413.20	385.65	399.79	141.87
October	400.90	372.00	390.83	126.32
November	435.00	389.80	419.71	137.32
December	460.00	433.65	444.89	123.25

Date	Price (€) High	Price (€) Low	Price (€) Average	Average daily trading volume (€ millions)
2024				
January	454.05	417.00	435.32	117.20
February	460.60	417.10	443.81	134.21

ÉVOLUTION CHANGE IN THE L'ORÉAL SHARE PRICE COMPARED TO THE CAC 40 INDEX FROM 31 DECEMBER 2012 TO 29 FEBRUARY 2024



7.5.2.2. Total shareholder return

Amongst the various economic and financial indicators used to measure value creation, L'Oréal has chosen to apply the criterion of Total Shareholder Return: (TSR). This indicator is a synthetic measurement that takes into account not only the value of the share but also the dividend income received (excluding tax credits before 1 January 2005).

7.5.2.2.1. Five-year evolution of a portfolio of approximately €15,000 invested in L'Oréal shares with reinvestment of dividends

Date of transaction	Nature of transaction	Investment (€)	Income (€)	Number of shares after the transaction
31.12.2018	Purchase of 75 shares at €201.20	15,090.00		75
30.04.2019	Dividend: €3.85 per share		288.75	75
	Reinvestment: purchase of 2 shares at €245.10	490.20		77
07.07.2020	Dividend: €3.85 per share		296.45	77
	Reinvestment: purchase of 2 shares at €288.30	576.60		79
29.04.2021	Dividend: €4.00 per share		316.00	79
	Reinvestment: purchase of 1 share at €343.10	343.10		80
29.04.2022	Dividend: €4.80 per share		384.00	80
	Reinvestment: purchase of 2 shares at €348.90	697.80		82
28.04.2023	Dividend: €6.00 per share		492.00	82
	Reinvestment: purchase of 2 shares at €432.75	865.50		84
TOTAL AT 29.12.2023		**18,063.20**	**1,777.20**	**84**
TOTAL NET INVESTMENT		**16,286.00**		

Portfolio value at 31 December 2023 (84 shares at €450.65, price at 29 December 2023[1]): €37,855.

The initial capital has thus been multiplied by 2.5 over 5 years (5-year inflation rate = 12.12% – Source: INSEE) and the final capital is 2.3 times the total net investment.

The Total Shareholder Return of the investment is thus 19% per year (assuming that the shares are sold on 31 December 2023, excluding tax on capital gains).

NOTE: Any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

(1) *The last trading day of 2023 is Friday, December 29, 2023.*

7.5.2.2.2. 10-year evolution of a portfolio of approximately €15,000 invested in L'Oréal shares with reinvestment of dividends

Date of transaction	Nature of transaction	Investment (€)	Income (€)	Number of shares after the transaction
31.12.2013	Purchase of 118 shares at €127.70	15,068.6		118
05.05.2014	Dividend: €2.50 per share		295.00	118
	Reinvestment: purchase of 3 shares at €123.90	371.70		121
07.05.2015	Dividend: €2.70 per share		326.70	121
	Reinvestment: purchase of 2 shares at €168.60	337.20		123
03.05.2016	Dividend: €3.10 per share		381.30	123
	Reinvestment: purchase of 3 shares at €157.80	473.40		126
03.05.2017	Dividend: €3.30 per share		415.80	126
	Reinvestment: purchase of 3 shares at €184.55	553.65		129
27.04.2018	Dividend: €3.55 per share		457.95	129
	Reinvestment: purchase of 3 shares at €196.90	590.70		132
30.04.2019	Dividend: €3.85 per share		508.20	132
	Reinvestment: purchase of 3 shares at €245.10	735.30		135
07.07.2020	Dividend: €3.85 per share		519.75	135
	Reinvestment: purchase of 2 shares at €288.30	576.60		137
29.04.2021	Dividend: €4.00 per share		548.00	137
	Reinvestment: purchase of 2 shares at €343.10	686.20		139
29.04.2022	Dividend: €4.80 per share		667.20	139
	Reinvestment: purchase of 2 shares at €348.90	697.80		141
28.04.2023	Dividend: €6.00 per share		846.00	141
	Reinvestment: purchase of 2 shares at €432.75	865.50		143
TOTAL AT 29.12.2023		**20,956.65**	**4,965.90**	**143**
TOTAL NET INVESTMENT		**15,990.74**		

Portfolio value at 29 December 2023 (143 shares at €450.65, price at 29 December 2023[1]): €63,542.

The initial capital has thus been multiplied by 4.3 over 10 years (10-year inflation rate = 15.88% – Source: INSEE) and the final capital is 4 times the total net investment.

The Total Shareholder Return of the investment is thus 15.3% per year (assuming that the shares are sold on 29 December 2023, excluding tax on capital gains).

NOTE: Any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

(1) *The last trading day of 2023 is Friday, December 29, 2023.*

7.5.2.2.3. 20-year evolution of a portfolio of approximately €15,000 invested in L'Oréal shares with reinvestment of dividends and share attribution rights

Date of transaction	Nature of transaction	Investment (€)	Income (€)	Number of shares after the transaction
31.12.2003	Purchase of 231 shares at €65.00	15.015.0		231
14.05.2004	Dividend: €0.73 per share		168.63	231
	Reinvestment: purchase of 3 shares at €63.65	190.95		234
11.05.2005	Dividend: €0.82 per share		191.88	234
	Reinvestment: purchase of 4 shares at €56.50	226.00		238
10.05.2006	Dividend: €1.00 per share		238.00	238
	Reinvestment: purchase of 4 shares at €72.65	290.60		242
03.05.2007	Dividend: €1.18 per share		285.56	242
	Reinvestment: purchase of 4 shares at €86.67	346.68		246
30.04.2008	Dividend: €1.38 per share		339.48	246
	Reinvestment: purchase of 5 shares at €76.21	381.05		251
24.04.2009	Dividend: €1.44 per share		361.44	251
	Reinvestment: purchase of 7 shares at €52.02	364.11		258
05.05.2010	Dividend: €1.50 per share		387.00	258
	Reinvestment: purchase of 6 shares at €76.77	460.62		264
04.05.2011	Dividend: €1.80 per share		475.20	264
	Reinvestment: purchase of 6 shares at €85.79	514.74		270
03.05.2012	Dividend: €2.00 per share		540.00	270
	Reinvestment: purchase of 6 shares at €92.84	557.04		276
10.05.2013	Dividend: €2.30 per share		634.80	276
	Reinvestment: purchase of 5 shares at €134.05	670.25		281
05.05.2014	Dividend: €2.50 per share		702.50	281
	Reinvestment: purchase of 6 shares at €123.90	743.40		287
07.05.2015	Dividend: €2.70 per share		774.90	287
	Reinvestment: purchase of 5 shares at €168.60	843.00		292
03.05.2016	Dividend: €3.10 per share		905.20	292
	Reinvestment: purchase of 6 shares at €157.80	946.80		298
03.05.2017	Dividend: €3.30 per share		983.40	298
	Reinvestment: purchase of 6 shares at €184.55	1,107.30		304
27.04.2018	Dividend: €3.55 per share		1,079.20	304
	Reinvestment: purchase of 6 shares at €196.90	1,181.40		310
30.04.2019	Dividend: €3.85 per share		1,193.50	310
	Reinvestment: purchase of 5 shares at €245.10	1,225.50		315
07.07.2020	Dividend: €3.85 per share		1,212.75	315
	Reinvestment: purchase of 5 shares at €288.30	1,441.50		320
29.04.2021	Dividend: €4.00 per share		1,280.00	320
	Reinvestment: purchase of 4 shares at €343.10	1,372.40		324
29.04.2022	Dividend: €4.80 per share		1,555.20	324
	Reinvestment: purchase of 5 shares at €348.90	1,744.50		329
28.04.2023	Dividend: €6.00 per share		1,974.00	329
	Reinvestment: purchase of 5 shares at €432.75	2,163.75		334
TOTAL AT 29.12.2023		**31,786.59**	**15,282.64**	**334**
TOTAL NET INVESTMENT		**16,503.94**		

Portfolio value at 29 December 2023 (334 shares at €450.65, price at 29 December 2023[(1)]): €150,517.

The initial capital has thus been multiplied by 10 over 20 years (20-year inflation rate = 32.02% – Source: INSEE) and the final capital is 9.1 times the total net investment.

The Total Shareholder Return of the investment is thus 12.1% per year (assuming that the shares are sold on 29 December 2023, excluding tax on capital gains).

NOTE: Any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

(1) The last trading day of 2023 is Friday, December 29, 2023.

7.5.2.3. Dividends

The limitation period for dividends is five years. Any dividends for which payment has not been requested are paid to the French Deposits and Consignments Fund *(La Caisse des Dépôts et Consignations).*

7.6. Information and shareholder dialogue policy

L'Oréal is committed to improving the quality of its financial information and takes steps to ensure it maintains a regular dialogue with its shareholders and with French and international investors. Beyond its legal obligations, a whole range of information and communication tools is made available to all stakeholders to give them a better understanding of L'Oréal's business model and the potential of the beauty market. These comprise documentation, including digital media on the L'Oréal Finance website, shareholder events and meetings either organised physically or virtually, and investor conferences and roadshows.

7.6.1. Additional communication tools

Keen on transparency and accessibility of information, in 2023 the Financial Communications Department shared a wealth of complete financial and non-financial information with the entire financial community. It relies on communication tools with a high emphasis on digital:

- L'Oréal makes available two comprehensive and complementary publications each year, the Annual Report and the Universal Registration Document, and one interim publication, the Half-Year Financial Report. These documents can be consulted and downloaded at www.loreal-finance.com. In 2023, the Universal Registration Document was published in an interactive format to improve user-friendliness and access to content.
- The www.loreal-finance.com website contains a complete set of all financial and non-financial information. Its content and ergonomics evolve regularly to provide quicker and easier access to information.
- The L'Oréal Finance mobile app, available on the App Store and Google Play, makes it possible to keep L'Oréal Finance news close to hand. Downloaded more than 68,000 times since it was created, it is highly appreciated by professionals and individual shareholders.
- The Letter to Shareholders and e-newsletters make it possible to keep shareholders and subscribers regularly informed of all the Group's major events.
- The shareholder brochure describes the L'Oréal's business model and explains the advantages of registered shares to answer questions that shareholders may have about this shareholding method.
- Several "best-of" films featuring the main events of the year have been made and posted on the L'Oréal Finance website, so our shareholders can relive these moments.
- Testifying to the loyalty of the shareholders who support the Group's development over the long term, more and more shareholders are showing an interest in becoming registered shareholders. Thanks to preferential dividends and the advantages related to this method of shareholding, becoming a registered shareholder enables shareholders to be known to the Group, to have systematic and regular access to information, and to be closely involved in the Group's development.

In 2023, the Group and the Financial Communications Department were recognised for their achievements:

- On 12 April, L'Oréal won the Trophée d'Or for Best Annual Report at the 27th TOP/COM GRANDS PRIX Corporate Business awards ceremony. These TOP/COM awards are given to the best communications campaigns of the year in around 30 categories, selected by a jury of marketing and communications experts.
- On 14 November, L'Oréal received the "Prix de la Pédagogie" (Teaching Award) at the 22nd Investor Awards, organised by Boursorama.
- On 15 December, L'Oréal won the top prize – the Trophée d'Or – for the CAC40 company with the best digital communication, awarded by Le Revenu magazine.

7.6.2. A large number of shareholder events for regular and detailed dialogue in 2023

In 2023, events were organised, some in digital format, to maintain relationships and promote dialogue:

- The Financial Communications Department and the Investor Relations Department organised a financial information meeting and telephone conferences intended for analysts and institutional investors, with journalists specialising in the cosmetics sector also invited along. A Capital Markets Day was also held for analysts and institutional investors on 16 and 17 November on the theme of "Beauty Tech". The presentations of the Group's financial results and the business activities of the Operational Divisions were broadcast live online at www.loreal-finance.com. All the information presented was made available on this site, on the day of its publication, when the annual and half-yearly results were published, as well as at investor conferences.
- The Annual General Meeting was broadcast live and on demand, in French and English, on the L'Oréal Finance website. For several years, shareholders have had the option to vote remotely via the Votaccess platform. This year, in order to respect shareholder democracy and encourage dialogue with shareholders, and in addition to the legal process for written questions, L'Oréal set up a dedicated online chat platform to receive, in the days

preceding the Annual General Meeting[1], all shareholders' questions to be made directly to Management. Shareholders also had the opportunity to ask questions both before and during the Annual General Meeting. This broadcast was viewed by around 800 shareholders.

- As a preferred partner, for the third year running, L'Oréal participated in Boursorama's digital e-show, BoursoLive, from 26 to 28 June. At the L'Oréal virtual stand, visitors were able to download documents and publications, and to interact with the Group's Individual Shareholders department. The Chief Financial Officer gave a presentation on the L'Oréal model during a web conference and answered questions from web users. Attended by many shareholders, it has since gained nearly 224,500 views.
- L'Oréal met with approximately 700 shareholders at two meetings in the French regions: on 25 September in Annecy and 3 October in Bordeaux.
- L'Oréal took part in Investir Day on 28 November at the Carrousel du Louvre in Paris. Nearly 5,000 people attended this year's trade fair. The Chief Financial Officer, Director of Beauty Tech Services, Head of Business Value Beauty Tech and Head of the Paris Tech accelerator programme were all in attendance.
- Antoine Vanlaeys, Chief Operations Officer, gave a presentation on the Group's industrial structure, responsiveness and strengths in an increasingly complex world during a web conference at BoursoLive on 1 December. He also discussed the most significant advancements made by the Operations teams on the topics of social and environmental responsibility under the *L'Oréal for the Future programme*. The broadcast has been viewed more than 51,300 times on demand.
- On 20 December, Christophe Babule, Chief Financial Officer, took part in an interview with Sébastien Koubar, which was broadcast on his YouTube channel.
- In total, the various conferences organised in 2023 received close to 510,000 views on demand.
- The Individual Shareholder Consultation Committee is a true body for consultation and dialogue with individual shareholders, and consists of 12 shareholders appointed for three years. As a representative of L'Oréal's individual shareholders, this Committee actively participates, through its reflections and work, in the development and enhancement of the Group's financial communication and acts as an ambassador. In 2023, the Consultation Committee met three times.
- The Investor Relations Department organises numerous meetings throughout the year with institutional investors of the main international financial marketplaces. They met with more than 600 investors in total.
- Finally, a free phone service is available to L'Oréal shareholders calling from France (0 800 66 66 66) or other countries (+33 1 40 14 80 50). An interactive voice server gives shareholders 24/7 access to information on share prices, key dates or a summary of the latest press release. The Shareholder Services Department can also be contacted using this number during business hours (8:45am – 6:00pm Paris time).

7.6.3. 2024 Financial Calendar

08.02.2024	2023 Annual results
18.04.2024	First quarter 2024 net sales
23.04.2024	Ordinary and Extraordinary General Meeting
July 2024*	First-half 2024 net sales and results
October 2024*	Sales at 30 September 2024

* *The exact date will be detailed on the website www.loreal-finance.com*

7.6.4. Financial press releases published in 2023

09.02.2023	2022 Annual Results
16.03.2023	Procedures for the Ordinary and Extraordinary General Meeting of 21 April 2023/2022 Universal Registration Document
03.04.2023	L'Oréal signs an agreement with Natura &Co to acquire Aēsop
19.04.2023	First quarter 2023 net sales
21.04.2023	Ordinary and Extraordinary General Meeting and Board of Directors' Meeting of 21 April 2023
11.05.2023	L'Oréal successfully prices €2 billion dual tranche public bond offering
27.07.2023	2023 Half-Year Results
31.07.2023	Availability of the 2023 Half-Year Financial Report
30.08.2023	L'Oréal completes acquisition of Aēsop
19.10.2023	Sales at 30 September 2023
16.11.2023	L'Oréal successfully prices €1.5 billion dual tranche public bond offering

The www.loreal-finance.com website contains all regulated information published in 2023.

(1) *Within the framework of the Annual General Meeting (for more information see subsection 7.1.4. "Annual General Meeting").*

8

Annual General Meeting

8.1. Draft resolutions and Report of the Board of Directors to the Ordinary and Extraordinary General Meeting to be held on Tuesday 23 April 2024

Agenda

Ordinary part

1. Approval of the 2023 parent company financial statements
2. Approval of the 2023 consolidated financial statements
3. Allocation of the Company's net profit for financial year 2023 and setting of the dividend
4. Appointment of Mr Jacques Ripoll as Director
5. Renewal of the term of office of Ms Béatrice Guillaume-Grabisch as Director
6. Renewal of the term of office of Ms Ilham Kadri as Director
7. Renewal of the term of office of Mr Jean-Victor Meyers as Director
8. Renewal of the term of office of Mr Nicolas Meyers as Director
9. Appointment of Deloitte & Associés as statutory auditor for the certification of sustainability reporting
10. Appointment of Ernst & Young Audit as statutory auditor for the certification of sustainability reporting
11. Approval of the information on the remuneration of each of the directors and corporate officers required by Article L. 22-10-9, I of the French Commercial Code
12. Approval of the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2023 or allocated for that year to Mr Jean-Paul Agon, in his capacity as Chairman of the Board of Directors
13. Approval of the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2023 or allocated for that year to Mr Nicolas Hieronimus, in his capacity as Chief Executive Officer
14. Approval of the remuneration policy for Directors
15. Approval of the remuneration policy for the Chairman of the Board of Directors
16. Approval of the remuneration policy for the Chief Executive Officer
17. Authorisation for the Company to buy back its own shares

Extraordinary part

18. Authorisation granted to the Board of Directors to reduce the share capital by cancelling the shares acquired by the Company under Article L. 22-10-62 of the French Commercial Code
19. Authorisation granted to the Board of Directors to carry out free grants of existing shares and/or shares to be issued with cancellation of shareholders' preferential subscription right to employees and directors and corporate officers
20. Delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of shareholders' preferential subscription rights
21. Delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of preferential subscription rights, within the framework of an employee share ownership plan
22. Powers for formalities

8.1.1. Ordinary part

Resolutions 1, 2 and 3: Approval of the annual (parent company and consolidated) financial statements for 2023, allocating the company's net income and setting the dividend

EXPLANATORY STATEMENT

Having reviewed the Reports of the Board of Directors and the Statutory Auditors, the Annual General Meeting is called on to approve:

- the parent company financial statements for 2023, with an income statement showing net income of €3,826,295,624.92 in 2023, compared with €12,343,116,730.68 for 2022; and
- the 2023 consolidated financial statements.

The details of these financial statements are set out in the 2023 Annual Financial Report and the main data included in the package containing the notice convening the Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting:

- an **ordinary dividend** of €6.60 per share, representing an increase of 10% over the dividend for the previous financial year.

  The rate of distribution of the ordinary dividend (ordinary dividend paid/net income diluted per share excluding non-recurring items, attributable to owners of the Company) would be 54.64% in 2023. Over the last five financial years, this rate was:

Year	2018	2019	2020	2021	2022
Rate of distribution	54.4%	49.7%	54.8%	54.4%	53.3%

- a **preferential dividend** of €7.26 per share, corresponding to a 10% increase over the ordinary dividend.

  The preferential dividend will be granted to the shares held in registered form since 31 December 2021 at the latest, and which continuously remain in registered form until the dividend payment date in 2024. The number of shares eligible for this preferential dividend may not exceed, for the same shareholder, 0.5% of the share capital.

If the Annual General Meeting approves this proposal, the ex-dividend date for the dividends (both ordinary and preferential) will be 26 April 2024 at zero hour, Paris time, and they will be paid on 30 April 2024.

The amount of the ordinary dividend and the preferential dividend is eligible for the tax deduction provided for in Article 158.3. 2° of the French General Tax Code, which is applicable in the event that an individual beneficiary opts to tax his or her income from movable assets on the progressive scale of income tax.

First resolution: approval of the 2023 parent company financial statements

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the Report of the Board of Directors and the financial year 2023 parent company financial statements, as presented, and the transactions reported in these financial statements and summarised in these Reports, showing net income of €3,826,295,624.92 versus €12,343,116,730.68 for financial year 2022.

Second resolution: approval of the 2023 consolidated financial statements

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the financial year 2023 consolidated financial statements and the transactions included in these financial statements and summarised in these Reports.

Third resolution: allocation of the Company's net income for financial year 2023 and setting of the dividend

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, on the proposal of the Board of Directors, decides to allocate the net income for the 2023 financial year, amounting to €3,826,295,624.92 as follows:

No charge to the legal reserve which already represents over one-tenth of the share capital	-
Amount allocated to shareholders as dividend[1] (including preferential dividend)	**€3,564,018,999.42**
Balance that will be allocated to the "Other reserves" item	**€262,276,625.50**

(1) Including a primary dividend equal to 5% of the amounts paid up on shares, i.e. the total amount of the share capital.

This amount is calculated on the basis of the number of shares forming the capital at 31 December 2023 and will be adjusted to reflect:

- the number of shares issued between 1 January 2024 and the date of payment of this dividend following the full vesting of new free shares granted and giving rights to said dividend;
- the final number of shares eligible for the preferential dividend, taking into account sales or transfers to a bearer account between 1 January 2024 and the date of payment of the dividend.

The Annual General Meeting therefore sets the ordinary dividend at €6.60 per share and the preferential dividend at €7.26 per share. The preferential dividend will be granted to the shares held in registered form since 31 December 2021 at the latest, and which continuously remain in registered form until the dividend payment date, it being specified that the number of shares giving entitlement to such a preferential dividend cannot exceed 0.5% of share capital for any one shareholder. The ex-dividend date for the dividends (both ordinary and preferential) will be 26 April 2024 at midnight (Paris time) and they will be paid on 30 April 2024.

In the event that, at the time of payment of the dividend, the Company holds treasury shares, the distributable profit corresponding to the unpaid dividend due to the holding of such shares would be allocated to the "Other reserves" item.

For individuals domiciled in France, the dividend is subject to income tax at a flat rate but may be taxed, at the shareholder's option, at a progressive rate. In such a case, the dividend is eligible for the tax deduction provided for in Article 158 3.2° of the French General Tax Code.

The table below shows the amount of the dividends distributed that were fully eligible for the tax deduction provided for in Article 158 3.2° of the French General Tax Code, for the last three financial years:

	2020	2021	2022
Ordinary dividend per share	€4.00	€4.80	€6.00
Preferential dividend per share	€0.40	€0.48	€0.60

Resolutions 4, 5, 6, 7 and 8: Offices of Directors

EXPLANATORY STATEMENT

1. Composition of the Company's Board of Directors at 31 December 2023

The Directors of L'Oréal come from different backgrounds. They complement one another due to their different professional experience, skills and nationalities. They have good knowledge of the Company. The Directors are present, active and closely involved. These are all assets that contribute to the quality of the Board of Directors' deliberations in the context of the decisions it is called on to make.

The Directors are attentive and vigilant and carry out their duties with complete freedom of judgement. This freedom of judgement enables them in particular to participate, in complete independence, in the decisions or work of the Board of Directors and its Committees.

Jean-Paul Agon, 67, joined the L'Oréal Group in 1978. Following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, International Managing Director of Biotherm, General Manager of L'Oréal Germany, General Manager of the Asia Zone, Chairman and Chief Executive Officer of L'Oréal USA, Jean-Paul Agon was appointed as Deputy Chief Executive Officer of L'Oréal in 2005, and then Chief Executive Officer in April 2006, and finally Chairman and Chief Executive Officer in 2011. Since 1 May 2021, Jean-Paul Agon has been the Chairman of the Board of Directors. A Director of L'Oréal since 2006, he is also the Chairman of the Strategy and Sustainability Committee. Jean-Paul Agon is the Chairman of the L'Oréal Corporate Foundation.

Nicolas Hieronimus, 59, joined the L'Oréal Group in 1987. Nicolas Hieronimus was appointed Marketing Director for Laboratoires Garnier in 1993. After an international career as Director of the Garnier Maybelline Division in the United Kingdom, General Manager in France, then International General Manager of L'Oréal Paris and General Manager of L'Oréal Mexico, Nicolas Hieronimus was appointed as the General Manager of the L'Oréal Professional Products Division and joined the Executive Committee in 2008. In 2011, he was appointed President of L'Oréal Luxe, a role that he held until the end of 2018. In 2013, Nicolas Hieronimus became General Manager of the Selective Divisions (Luxe, Active Cosmetics, Professional Products). He was appointed Deputy CEO in charge of Divisions in May 2017. Nicolas Hieronimus was appointed Chief Executive Officer of L'Oréal on 1 May 2021. He has been a Director of L'Oréal since April 2021. In addition, Nicolas Hieronimus is Chairman of the L'Oréal Fund for Women and Director of the L'Oréal Corporate Foundation.

Françoise Bettencourt Meyers, 70, daughter of Liliane Bettencourt and granddaughter of the founder of L'Oréal, Eugène Schueller, has been the Chairwoman of the family-owned holding company Téthys since 31 January 2012, and is the Chairwoman of the Supervisory Board of the investment subsidiary Téthys Invest, Chairwoman of the Bettencourt Schueller Foundation, and Honorary President of the Pour l'Audition Foundation. Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997. Vice-Chairwoman of the Board of Directors since 2020, Françoise Bettencourt Meyers is also a member of the Strategy and Sustainability Committee, the Nominations and Governance Committee and the Human Resources and Remuneration Committee.

Paul Bulcke, 69, of Belgian and Swiss nationality, after pursuing an international career at the highest level within the Nestlé group, holding various positions in Europe and Latin America, was in 2004 appointed Executive Vice President and Zone Director for zone Americas of Nestlé S.A., before becoming Chief Executive Officer of Nestlé S.A. from 2008 to 2016. Paul Bulcke has served as the Chairman of the Board of Directors of Nestlé since 2017. Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017. Paul Bulcke is the Vice-Chairman of the Board of Directors, and is a member of the Strategy and Sustainability Committee, the Nominations and Governance Committee, and the Human Resources and Remuneration Committee.

Sophie Bellon, 62, is Chairwoman of the Board of Directors and CEO of Sodexo. After a career in finance in the United States, she joined Sodexo in 1994, where she held various positions, including as the Chief Executive Officer of the Corporate Services business unit of Sodexo France and as Research, Development and Innovation strategy Manager of Sodexo. Sophie Bellon has been a Director of L'Oréal since 2015 and is the Chairwoman of the Human Resources and Remuneration Committee and a member of the Nominations and Governance Committee.

Patrice Caine, 53, has been Chairman and Chief Executive Officer of the Thales group since December 2014, after holding management positions in various operating units (Air and Naval, Communication, Navigation and Identification, Air Systems, Radio-Communication Products, Network and Infrastructure Systems, and Protection Systems) from 2002 to 2013. Patrice Caine has been a Director of L'Oréal since 2018 and is the Chairman of the Nominations and Governance Committee and a member of the Strategy and Sustainability Committee.

Fabienne Dulac, 56, has been Deputy CEO and member at the Executive Committee at Orpea since October 2023, after a 26-year career at Orange group where she served as Chief Executive Officer of Orange France from 2015 until 2023 and appointed Chief Transformation of the Orange group and Orange Business Chairwoman. Fabienne Dulac has been a Director of L'Oréal since 2019 and member of the Audit Committee and the Human Resources and Remuneration Committee. She is also a Director of the company La Française des Jeux.

Belén Garijo, 63, of Spanish nationality, is Chairwoman of the Executive Board and Chief Executive Officer of the Merck group. Belén Garijo previously served as Chairwoman and Chief Executive Officer of Merck Healthcare, an entity encompassing all the pharmaceutical activities of the Merck group. Belén Garijo has been a Director of L'Oréal since 2014 and is a member of the Human Resources and Remuneration Committee. She is also a Director of BBVA (Spain).

Béatrice Guillaume-Grabisch, 59, is Executive Vice President and Global Head Human Resources & Business Services of the Nestlé group, which she joined in 2013. She was formerly Chief Executive Officer of Nestlé Germany after a career in various consumer goods groups (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal, Coca-Cola). Béatrice Guillaume-Grabisch has been a Director of L'Oréal since 2016 and is a member of the Audit Committee.

Thierry Hamel, 69, joined the L'Oréal Group in 1979. He has spent a large part of his career in the Professional Products Division, where he serves as Project Manager – Sales Excellence & Vocational Learning in the Professional Products Division in France. Thierry Hamel was appointed Director representing the employees in April 2022 by the CFE-CGC union for a four-year term and is a member of the Human Resources and Remuneration Committee.

Ilham Kadri, 54, of French and Moroccan nationality, was Chief Executive Officer of the Solvay group and its Executive Committee from 2019 to December 2023. Since then, she has served as Chief Executive Officer of Syensqo, an international speciality chemicals group focused on innovation and sustainability, formed from the demerger of the Solvay group. Previously, she was CEO and Chairwoman of the American company Diversey, having performed roles in R&D, sales, marketing, strategy, business management and digital technology in leading industrial companies (Shell, UCB, Dow, Sealed Air etc.). She is also a Director of A.O. Smith Corporation. Ilham Kadri has been a Director of L'Oréal since 2020 and Member of the Audit Committee.

Jean-Victor Meyers, 37, has been a member of the Supervisory Board of the family holding company Téthys since January 2011 and member of the Supervisory Board of the investment subsidiary Téthys Invest. Jean-Victor Meyers has been a Director of L'Oréal since 2012 and is a member of the Strategy and Sustainability Committee.

Nicolas Meyers, 35, has been a member of the Supervisory Board of the family-owned holding company Téthys since 2011, member of the Supervisory Board of the investment subsidiary Téthys Invest since 2016 and a Director of the Bettencourt Schueller Foundation since 2012. Nicolas Meyers has been a Director of L'Oréal since 2020 and is a member of the Audit Committee.

Virginie Morgon, 54, was Chairwoman of the Management Board of Eurazeo from 2008 to February 2023, after 16 years at Lazard. She is also Co-Chair of the Paris Committee of the Human Rights Watch. Virginie Morgon has been a Director of L'Oréal since 2013 and is the Chairwoman of the Audit Committee.

Alexandre Ricard, 51, has been Chairman and Chief Executive Officer of Pernod Ricard since February 2015. He joined Pernod Ricard in 2003 after seven years as a strategy consultant at Accenture and as a M&A consultant at Morgan Stanley. In 2004, he was appointed Director of Finance and Administration of Irish Distillers, and then Chief Executive Officer of Pernod Ricard Asia Duty Free in 2006. In 2008, he was appointed Chairman and Chief Executive Officer of Irish Distillers and joined the Executive Committee of Pernod Ricard. In 2011, he joined the General Management of Pernod Ricard as Deputy General Manager in charge of Distribution, before being appointed Deputy Chief Executive Officer in 2012. Alexandre Ricard has been a Director of L'Oréal since 2021 and is a member of the Strategy and Sustainability Committee.

Benny de Vlieger, 59, joined L'Oréal Belgium in 1989, having previously worked in the Delhaize group. He is a Sales Representative for the Consumer Products Division in Belgium. Benny de Vlieger was appointed Director representing the employees in April 2022 by L'Oréal's European Works Council *(Instance Européenne de Dialogue Social)* for a four-year term and is a member of the Audit Committee.

2. Resolutions submitted for approval to the Annual General Meeting of 23 April 2024

2.1. Appointment of Mr Jacques Ripoll as Director

On the recommendation of the Nominations and Governance Committee, the Board of Directors submitted the appointment of Mr Jacques Ripoll, as Director, for a term of four years, to voting by the Annual General Meeting.

Mr Jacques Ripoll, 58, is a graduate of l'École Polytechnique (Paris). He has spent the majority of his career in banking and finance, firstly at Société Générale. He then joined Banco Santander as Chief Executive Officer responsible for investment banking. In 2018, he was appointed Deputy CEO of Crédit Agricole in charge of the "Key accounts" division.

Since September 2022, Jacques Ripoll has been a member of the Supervisory Board at Eren Group that uses technological innovation to benefit the natural resources economy. Eren is primarily involved in supporting entrepreneurs who are developing innovative technological solutions for the energy transition (carbon-free renewable energy production, energy saving initiatives and energy storage).

In addition to the financial expertise acquired throughout his banking career, Jacques Ripoll brings his strategic and innovation-focused vision to the Board. He also brings his expertise in new technologies that contribute towards efforts to combat climate change, alongside his commitment to sustainability issues. Mr Jacques Ripoll is also a Director at CMA CGM Group.

2.2. Renewal of four directorships: Ms Béatrice Guillaume-Grabisch, Ms Ilham Kadri, Mr Jean-Victor Meyers and Mr Nicolas Meyers

Renewal of the term of office of Ms Béatrice Guillaume-Grabisch as Director

As the term of office of Ms Béatrice Guillaume-Grabisch as Director is set to expire, the renewal of her term of office for four years is submitted to the Annual General Meeting.

Ms Béatrice Guillaume-Grabisch has been a Director of L'Oréal since 2016 and is a member of the Audit Committee.

Since 2019, Ms Béatrice Guillaume-Grabisch has been Executive Vice President and Global Head Human Resources & Business Services of the Nestlé group, which she joined in 2013. She was formerly Chief Executive Officer of Nestlé Germany, after holding various management positions in major international groups in the consumer goods sector (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal, Coca-Cola).

Ms Béatrice Guillaume-Grabisch is deeply involved in the work of the Audit Committee and the Board, to which she brings her experience of general management, knowledge of international markets and consumers, as well as skills in managing IT and Shared Services Centres transformation and expertise in Human Resources.

Over the four years of her tenure as Director, Ms Guillaume-Grabisch's attendance record has been 97%[1] at meetings of the Board of Directors and 100% at meetings of the Audit Committee, of which she is a member.

Renewal of the term of office of Ms Ilham Kadri as Director

As the term of office of Ms Ilham Kadri as Director is set to expire, the renewal of her term of office for four years is submitted to the Annual General Meeting.

A Director of L'Oréal since 2020, Ms Ilham Kadri has been a member of the Audit Committee since 2021.

Until December 2023, Ms Ilham Kadri was Chief Executive Officer of the Solvay group and chaired its Executive Committee. Since then, she has been Chief Executive Officer of Syensqo, an international speciality chemicals group focused on innovation and sustainability, formed from the demerger of the Solvay group.

Ms Ilham Kadri is deeply involved in the work of the Audit Committee and the Board, to which she brings her experience as an executive in leading international companies in the United States, Europe, the Middle East, Africa and Asia. The Board draws on her expertise in industrial issues undergoing major transformation, and strategic vision centred on innovation and sustainability. She is particularly committed to the issues of inclusion and diversity.

During her four-year tenure as Director, Ms Ilham Kadri's attendance rate at Board meetings has been 97%. She has attended all but one of the meetings of the Audit Committee, of which she has been a member since April 2021.

Ms Kadri is also a director of A.O. Smith Corporation.

Renewal of the term of office of Mr Jean-Victor Meyers as Director

As the term of office of Mr Jean-Victor Meyers as Director is set to expire, the renewal of his term of office for four years is submitted to the Annual General Meeting.

A Director of L'Oréal since 2012, Mr Jean-Victor Meyers has been a member of the Strategy and Sustainability Committee since October 2020. He was a member of the Audit Committee from 2014 to 2021.

Mr Jean-Victor Meyers has been a member of the Supervisory Board of the family holding company Téthys since January 2011 and has also been a member of the Supervisory Board of Téthys Invest since 2016.

The son of Ms Françoise Bettencourt Meyers and Mr Jean-Pierre Meyers, Jean-Victor Meyers has a strong connection to the company. He brings to the Board his vision of L'Oréal's long-term development.

Mr Jean-Victor Meyers has participated with great commitment and involvement in the work of the Board and its Committees. Over the four years of his directorship, Mr Jean-Victor Meyers' attendance at meetings of the Board of Directors has been 100%[2], as was his attendance at meetings of the Audit Committee, of which he was a member until February 2021, and of the Strategy and Sustainability Committee, which he joined in October 2020.

(1) *Excluding the extraordinary meeting of the Board of Directors on 5 November 2021, from which Ms Béatrice Guillaume-Grabisch abstained from participating because it related to the buyback of L'Oréal shares from Nestlé.*

(2) *Excluding the extraordinary meeting of the Board of Directors on 5 November 2021, from which Mr Jean-Victor Meyers abstained from participating because it related to the buyback of L'Oréal shares from Nestlé.*

Renewal of the term of office of Mr Nicolas Meyers as Director

As the term of office of Mr Nicolas Meyers as Director is set to expire, the renewal of his term of office for four years is submitted to the Annual General Meeting.

A Director of L'Oréal since 2020, Mr Nicolas Meyers has been a member of the Audit Committee since May 2021.

He has been a member of the Supervisory Board of the family holding company Téthys since 2011 and of Téthys Invest since 2016. He has also been a Director of the Bettencourt Schueller Foundation since 2012.

The son of Ms Françoise Bettencourt Meyers and Mr Jean-Pierre Meyers, Nicolas Meyers brings his keen interest in new technologies and social commitment to the Board of Directors, in addition to in-depth knowledge of L'Oréal and a strong connection to the company.

Nicolas Meyers is actively involved in the work of the Board and the Audit Committee as part of the Company's long-term development.

Over the four years of his directorship, Mr Nicolas Meyers' attendance at meetings of the Board of Directors has been 100%[1], as has been his attendance at meetings of the Audit Committee, which he joined in May 2021.

2.3. Departure of Ms Belén Garijo

The meeting of the Board of Directors on 8 February 2024 recorded Ms Belén Garijo's wish to stand down as Director at the close of the Annual General Meeting of 23 April 2024, two years before her term of office expires, on the grounds of availability associated with her professional activities. The Board of Directors paid tribute to Ms Garijo for her high-quality contribution to the work of the Board and the Human Resources and Remuneration Committee during her 10 years in office.

3. Composition of the Board of Directors after the Annual General Meeting of 23 April 2024

If the Annual General Meeting approves the appointment and renewals submitted to it in 2024, the expiry dates of the terms of office of the Company's 16 Directors would be as follows:

Composition of the Board of Directors (after the 2024 Annual General Meeting)		Age	W/M	Nationality	Expiry of term of office	Board committees			
						S&S	Audit	Gov.	HR & Rem.
Corporate officers	**Mr Jean-Paul Agon** – Chairman of the Board	67	M	French	2026	C			
	Mr Nicolas Hieronimus – Chief Executive Officer	60	M	French	2025				
F. Bettencourt Meyers and her family	**Ms F. Bettencourt Meyers** – Vice-Chairwoman	70	W	French	2025	●		●	●
	Mr Jean-Victor Meyers	37	M	French	2028	●			
	Mr Nicolas Meyers	35	M	French	2028		●		
Directors linked to Nestlé	**Mr Paul Bulcke** – Vice-Chairman	69	M	Belgian-Swiss	2025	●		●	●
	Ms Béatrice Guillaume-Grabisch	59	W	French	2028		●		
Independent Directors ■	**Ms Sophie Bellon**	62	W	French	2027			●	C
	Mr Patrice Caine	54	M	French	2026	●		C	
	Ms Fabienne Dulac	56	W	French	2027		●		●
	Ms Ilham Kadri	55	W	French-Moroccan	2028		●		
	Ms Virginie Morgon	54	W	French	2025		C		
	Mr Alexandre Ricard	51	M	French	2025	●			●
	Mr Jacques Ripoll	58	M	French	2028		●		
Directors representing employees	**Mr Benny de Vlieger**	59	M	Belgian	2026		●		
	Mr Thierry Hamel	69	M	French	2026				●
Independence						N/A	66%	50%	60%

■ Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors.
C Chairman/Chairwoman of the Committee.
● Committee Member.

(1) *Excluding the extraordinary meeting of the Board of Directors on 5 November 2021, from which Mr Nicolas Meyers abstained from participating because it related to the buyback of L'Oréal shares from Nestlé.*

3.1. Independence of Directors

Every year the Nominations and Governance Committee proposes to the Board of Directors that the situation of each of the Directors with regard to their independence be reviewed on a case-by-case basis according to the criteria set out in the AFEP-MEDEF Code.

The review of the independence of these Directors was carried out by the Board of Directors on the basis, in particular, of a study of the relationships existing between the Company and the companies in which the Directors hold offices.

If the Annual General Meeting approves the appointment and renewals that are proposed by the Board of Directors, the number of Independent Directors will be seven out of 14, i.e. an independence rate of 50% (the two Directors representing the employees are not taken into account pursuant to the AFEP-MEDEF Code).

3.2. Balanced gender representation on the Board of Directors

If the Annual General Meeting approves the appointment and renewals submitted to it, the number of women in the Board of Directors will be six out of the 14 Directors appointed by the Annual General Meeting, i.e. a percentage representation of women of 43% (the two Directors representing the employees are not taken into account pursuant to the French Commercial Code).

3.3. Length of office and minimum number of shares held

The term of office of the Directors appointed by the Company's Annual General Meeting is four years or less to allow a scheduled renewal of the terms of office of Directors. The term of office of a Director who is not appointed by the Annual General Meeting is four years.

Directors appointed by the Annual General Meeting must each hold a minimum of 250 L'Oréal shares: at least 125 shares on the date of their appointment by the Annual General Meeting and the balance no later than 24 months after their appointment (see section 3.7 of the Internal Rules of the Board of Directors, which appears in subsection 2.3.6. of the 2023 Universal Registration Document). The complete list of the duties of the Directors is set out in paragraph 2.2.2. of the 2023 Universal Registration Document.

Fourth resolution: appointment of Mr Jacques Ripoll as Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, appoints Mr Jacques Ripoll as a Director for a term of four years.

His term of office will expire at the end of the Annual General Meeting to be held in 2028 and called to approve the financial statements for the previous financial year.

Fifth resolution: renewal of the term of office of Ms Béatrice Guillaume-Grabisch as Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, renews Ms Béatrice Guillaume-Grabisch's tenure as Director for a term of four years.

Her term of office will expire at the end of the Annual General Meeting to be held in 2028 and called to approve the financial statements for the previous financial year.

Sixth resolution: renewal of the term of office of Ms Ilham Kadri as Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, renews Ms Ilham Kadri's tenure as Director for a term of four years.

Her term of office will expire at the end of the Annual General Meeting to be held in 2028 and called to approve the financial statements for the previous financial year.

Seventh resolution: renewal of the term of office of Mr Jean-Victor Meyers as Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, renews Mr Jean-Victor Meyers' tenure as Director for a term of four years.

His term of office will expire at the end of the Annual General Meeting to be held in 2028 and called to approve the financial statements for the previous financial year.

Eighth resolution: renewal of the term of office of Mr Nicolas Meyers as Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, renews Mr Nicolas Meyers' tenure as Director for a term of four years.

His term of office will expire at the end of the Annual General Meeting to be held in 2028 and called to approve the financial statements for the previous financial year.

Resolutions 9 and 10: appointment of sustainability auditors

EXPLANATORY STATEMENT

As part of the Corporate Sustainability Reporting Directive (CSRD), in 2025, L'Oréal will be required to publish sustainability information in respect of the 2024 financial year, which has been certified by a third-party verifier.

In order to carry out this task of certifying the sustainability reporting, the Audit Committee recommended that the Board of Directors propose the appointment of Deloitte & Associés and Ernst & Young Audit, the current Statutory Auditors for the Company, to this Annual General Meeting. Their term of office will end on expiry of their term of office as the statutory auditors appointed to certify the financial statements, i.e. at the end of the Annual Ordinary General Meeting called to approve the financial statements for the financial year ending on 31 December 2027.

The Audit Committee has considered the need to ensure that sustainability data is robustly monitored by international audit firms, working as joint auditors, that demonstrate the required level of independence and taking into account the expertise of their teams in both finance and sustainability matters. The Committee has also taken into account the importance of their sound understanding of L'Oréal's business and its sustainability challenges, in order to be able to audit the Group's consolidated data from financial year 2024 onwards.

Ninth resolution: appointment of Deloitte & Associés as Statutory Auditor for the certification of sustainability reporting

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, resolves to appoint Deloitte & Associés as Statutory Auditor for the certification of sustainability reporting for a period of four financial years, which corresponds to the remainder of their term of office as Statutory Auditor for the certification of the financial statements. Its term will expire at the end of the Annual Ordinary General Meeting called to approve the financial statements for the financial year ending on 31 December 2027.

Tenth resolution: appointment of Ernst & Young Audit as Statutory Auditor for the certification of sustainability reporting

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, resolves to appoint Ernst & Young Audit as Statutory Auditor for the certification of sustainability reporting for a period of four financial years, which corresponds to the remainder of their term of office as Statutory Auditor for the certification of the financial statements. Its term will expire at the end of the Annual Ordinary General Meeting called to approve the financial statements for the financial year ending on 31 December 2027.

Resolutions 11, 12, 13, 14, 15 and 16: Remuneration of directors and corporate officers of the Company

EXPLANATORY STATEMENT

The Annual General Meeting is called to approve the remunerations of the Company's directors and corporate officers for 2023 (***ex post*** vote).

The Annual General Meeting must vote every year on the remuneration granted or paid during the financial year ended to directors and corporate officers of the Company.

This ***ex-post*** vote covers two series of resolutions: one concerning all directors and corporate officers, i.e., for L'Oréal, the Directors, the Chairman of the Board of Directors and the Chief Executive Officer; and the other concerning only the corporate officers of the Company, i.e., for L'Oréal, the Chairman of the Board of Directors, Mr Jean-Paul Agon, and the Chief Executive Officer, Mr Nicolas Hieronimus.

Therefore, the shareholders are called, by the vote on the **eleventh resolution**, to approve the information on the remuneration of each of the Company's aforementioned directors and corporate officers for 2023 as required by Article L. 22-10-9, I of the French Commercial Code. This information is provided in paragraph 2.4.2. of the 2023 Universal Registration Document.

By the vote on the **twelfth resolution**, the shareholders are called to approve the fixed and variable components of the total remuneration and benefits of any kind paid during 2023 or allocated for that year to Mr Jean-Paul Agon, Chairman of the Company's Board of Directors, pursuant to Article L. 22-10-34, II of the French Commercial Code. This information is provided in paragraph 2.4.2.3. of the 2023 Universal Registration Document and is summarised in the following table ("Summary table of the components of remuneration paid in 2023 or allocated for that financial year to Mr Jean-Paul Agon, Chairman of the Board of Directors").

By the vote on the **thirteenth resolution**, the shareholders are called to approve the fixed and variable components of the total remuneration and benefits of any kind paid in 2023 or allocated for that year to Mr Nicolas Hieronimus, the Company's Chief Executive Officer, pursuant to Article L. 22-10-34, II of the French Commercial Code. This information is provided in paragraph 2.4.2.2. of the 2023 Universal Registration Document and is summarised in the following table ("Summary table of the components of remuneration paid in 2023 or allocated for that financial year to Mr Nicolas Hieronimus, Chief Executive Officer").

The Annual General Meeting is also called to approve the compensation policy for the Company's directors and corporate officers (***ex ante*** vote).

In the **fourteenth to sixteenth** resolutions, the Annual General Meeting is asked to approve, pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the compensation policies for the Company's directors and corporate officers. These policies shall apply as from financial year 2024 until the Annual General Meeting approves a new remuneration policy.

The provisions of these remuneration policies introduced by the Board of Directors are set out in paragraph 2.4.1. of the 2023 Universal Registration Document. Shareholders are called to approve separately:

- by the vote on the **fourteenth resolution,** the remuneration policy for Directors of the Company introduced by the Board of Directors. This policy is identical to the remuneration policy for Directors approved at the Annual General Meeting of 21 April 2023 and is set out in paragraph 2.4.1.1. of the 2023 Universal Registration Document;
- by the vote on the **fifteenth resolution,** the remuneration policy for the Chairman of the Board of Directors presented in the Report of the Board of Directors. Changes have been made to this policy compared to the remuneration policy for the Chairman of the Board of Directors approved at the Annual General Meeting of 21 April 2023. Three years after the offices of Chairman and Chief Executive Officer were separated, the Board noted that Mr Jean-Paul Agon had successfully led the handover of senior management responsibilities, which included providing Mr Nicolas Hieronimus with his complete support in his interactions with the Board of Directors, in keeping with the extensive duties entrusted to the Chairman of the Board of Directors. The Human Resources and Remuneration Committee recommended that the Board consider the end of this transition period by adjusting Mr Jean-Paul Agon's remuneration. In consequence, the Board of Directors held on 8 February 2024 review the remuneration policy of Mr Jean-Paul Agon, Chairman of the Board of Directors. The fixed annual compensation of Mr Jean-Paul Agon, Chairman of the Board of Directors, would be €950,000 from 1 May 2024, instead of his previous compensation of €1,600,000. The remuneration policy for the Chairman of the Board of Directors is set out in subparagraph 2.4.1.2.2. of the 2023 Universal Registration Document;
- by the vote on the **sixteenth resolution,** the remuneration policy for the Chief Executive Officer. This policy is identical to the remuneration policy approved at the Annual General Meeting of 21 April 2023, with the exception of an adjustment to non-financial performance criteria for awarding performance shares. The remuneration policy for the Chief Executive Officer is set out in subparagraph 2.4.1.2.1. of the 2023 Universal Registration Document.

SUMMARY TABLE OF THE COMPONENTS OF REMUNERATION PAID IN 2023 OR ALLOCATED FOR THAT FINANCIAL YEAR TO MR JEAN-PAUL AGON, CHAIRMAN OF THE BOARD OF DIRECTORS

Remuneration components submitted for a vote	Amounts allocated for the 2023 financial year or accounting valuation	Amounts paid in 2023 or accounting valuation	Description
Fixed remuneration	**€1,600,000**		At its meeting of 9 February 2023, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors kept Mr Jean-Paul Agon's fixed compensation at the gross amount of €1,600,000 on an annual basis.
Benefits in addition to remuneration	**€0**		• **Benefits in kind** Mr Jean-Paul Agon benefits from the material resources needed for the performance of his office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind.
	€3,671.16		• **Employee benefit scheme** Mr Jean-Paul Agon benefits from the same employee benefit scheme as the senior managers of the Company.

SUMMARY TABLE OF THE COMPONENTS OF REMUNERATION PAID IN 2023 OR ALLOCATED FOR THAT YEAR TO MR NICOLAS HIERONIMUS, CHIEF EXECUTIVE OFFICER

Remuneration components submitted for a vote	Amounts allocated for the 2023 financial year or accounting valuation	Amounts paid in 2023 or accounting valuation	Description
Fixed remuneration	**€2,000,000**		At its meeting of 9 February 2023, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors kept Mr Nicolas Hieronimus's fixed compensation at the gross amount of €2,000,000 on an annual basis. This amount has not changed since 2021.
Annual variable remuneration	**€2,250,000** or 112.5% of target annual variable remuneration	**€2,260,000**	The annual variable remuneration is designed to align the executive corporate officer's remuneration with the Group's annual performance and to promote the implementation of its strategy year after year. The Board of Directors strives to encourage the executive corporate officer both to maximise performance for each financial year and to ensure that it is repeated and regular year-on-year. The target annual variable remuneration is set at 100% of the fixed compensation (or €2,000,000 gross); the annual variable remuneration may reach up to 120% of the fixed compensation (€2,400,000 gross) if there is outperformance on the objectives. **CRITERIA FOR ASSESSMENT OF PERFORMANCE FOR 2023** • **Financial criteria — 60%** • Evolution in like-for-like sales as compared to the budget — 15% • Net sales growth differential compared to the main competitors — 15% • Operating profit as compared to the budget — 10% • Earnings per share as compared to the budget — 10% • Cash flow as compared to the budget — 10% • **Non-financial and qualitative criteria — 40%** • CSR criteria: L'Oréal for the Future — 10% • Human Resources criteria — 7.5% • Digital development criteria — 7.5% • Qualitative criteria: Management — 7.5% • Qualitative criteria: Image, company reputation, dialogue with stakeholders — 7.5% The assessment is carried out on a criterion-by-criterion basis without offsetting among the criteria. A summary of achievements in 2023 is set out in subparagraph 2.4.2.2.2. of the Universal Registration Document 2023. **ASSESSMENT FOR 2023 BY THE BOARD OF DIRECTORS' MEETING OF 8 FEBRUARY 2024** On the basis of the aforementioned assessment criteria, on 8 February 2024 the Board of Directors decided, on the recommendation of the Human Resources and Remuneration Committee, to award gross variable remuneration of €2,250,000 for 2023, or 112.5% of the maximum target, given the level of achievement of the financial criteria and the qualitative and non-financial criteria of 112.1% and 113.1% respectively. The assessment elements are set out in paragraph 2.4.2.2. of the 2023 Universal Registration Document.
Performance shares	17,000 performance shares valued at €6,323,320 (estimated fair value according to the IFRS applied for the preparation of the consolidated financial statements)	N/A	Pursuant to the authorisation of the Extraordinary General Meeting of 21 April 2022 (nineteenth resolution), the Board of Directors decided on 12 October 2023, on the recommendation of the Human Resources and Remuneration Committee, to conditionally grant 17,000 shares (ACAs) to Mr Nicolas Hieronimus. This grant is in accordance with the 2023 remuneration policy defined by the Board of Directors on 9 February 2023 and approved by the Annual General Meeting of 21 April 2023. The fair value of one ACA in the Plan of 12 October 2023, measured according to the IFRS applied for the preparation of the consolidated financial statements, is €371.96, representing, for the 17,000 ACAs granted in 2023 to Mr Nicolas Hieronimus, a fair value of €6,323,320.

Remuneration components submitted for a vote	Amounts allocated for the 2023 financial year or accounting valuation	Amounts paid in 2023 or accounting valuation	Description

			Final vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a four-year vesting period as from the grant date. The number of vested shares will depend:
			• in part, criteria for financial performance based on:
			  • growth in comparable cosmetics sales of L'Oréal as compared to a panel of L'Oréal's major direct competitors,
			  • growth in L'Oréal's consolidated operating profit;
			• in part, criteria for non-financial performance based on:
			  • fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (hereinafter "L'Oréal for the Future Commitments"): % of sites achieving 100% renewable energy (previously designated as "carbon neutral")[1]; % of formula ingredients that are biobased, traceable and come from sustainable sources; % of plastic packaging that comes from either recycled or biobased sources; number of people benefitting from the Group's brands' social commitment programmes, and
			  • gender balance within strategic positions including the Executive Committee.
			Pursuant to the criterion relating to net sales, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. Below this level, the number of finally vested shares is in decline. If L'Oréal's comparable growth in net sales is lower than the average growth in net sales of the panel of competitors, no shares will be finally vested under this criterion.
			Pursuant to the criterion related to operating profit, a level of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all free shares granted to be finally vested by the beneficiaries at the end of the vesting period. Below this level, the number of finally vested shares is in decline. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion.
			With regard to the achievement of the L'Oréal for the Future Commitments criterion, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, an average of 70% of the L'Oréal for the Future Commitments must be achieved during the vesting period. Below this level, the grant decreases. No shares will vest if the average level of achievement for the L'Oréal for the Future Commitments falls below 55%.
			Pursuant to the criterion relating to gender balance in strategic positions, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, the average representation of one of the sexes must account for at least 40% of employees in strategic positions. Below this level, the grant decreases. No shares will vest in relation to this criterion if the average representation of one of the sexes is less than 35% over the vesting period.
			The grant of shares to Mr Nicolas Hieronimus in 2023 represents 2.61% of the total number of ACAs granted to the 2,763 beneficiaries of this same Plan. In accordance with the authorisation of the Annual General Meeting of 21 April 2022, this grant of shares does not represent more than 0.6% of the share capital, it being understood that the maximum amount granted to corporate officers may not represent more than 10% of the total amount of free shares that may be granted. No share subscription or purchase options or other long-term incentives have been granted to Mr Nicolas Hieronimus in 2023.

Remuneration of Directors	**€0**		Mr Nicolas Hieronimus does not receive any remuneration as Director.

(1) *A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect Market Based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.*

Remuneration components submitted for a vote	Amounts allocated for the 2023 financial year or accounting valuation	Amounts paid in 2023 or accounting valuation	Description
Benefits in addition to remuneration	€0		• **Benefits in kind** Mr Nicolas Hieronimus benefits from the material resources needed for the performance of his office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind.
	€11,340.72		• **Additional social protection schemes: defined contribution pension, employee benefit and healthcare schemes** Mr Nicolas Hieronimus continues to be treated in the same way as a senior manager during the term of his corporate office, which will allow him to continue to benefit from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees. The amount of the pension resulting from the employer's contributions for the defined contribution pension scheme will be deducted from the pension due in respect of the defined benefit pension in accordance with the provisions of this collective scheme. The amount of the employer's contributions to the employee benefit and healthcare schemes amounted to €4,521.96 (gross) in 2023, and the amount of the employer's contribution to the defined contribution pension scheme amounted to €6,818.76 (gross).

Eleventh resolution: approval of the information on the remuneration of each of the directors and corporate officers required by Article L. 22-10-9, I of the French Commercial Code

Pursuant to Article L. 22-10-34, I of the French Commercial Code, the Annual General Meeting, voting with the quorum and majority required for Ordinary General Meetings, approves the information described in section I of Article L. 22-10-9 of the French Commercial Code as presented in paragraph 2.4.2. of the 2023 Universal Registration Document.

Twelfth resolution: approval of the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2023 or allocated for that year to Mr Jean-Paul Agon, in his capacity as Chairman of the Board of Directors

Pursuant to Article L. 22-10-34, II of the French Commercial Code, the Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2023 or allocated for that year to the Chairman, Mr Jean-Paul Agon, as presented in paragraph 2.4.2.3 of the 2023 Universal Registration Document.

Thirteenth resolution: approval of the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2023 or allocated for that year to Mr Nicolas Hieronimus, in his capacity as Chief Executive Officer

Pursuant to Article L. 22-10-34, II of the French Commercial Code, the Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2023 or allocated for that year to the Chief Executive Officer, Mr Nicolas Hieronimus, as presented in paragraph 2.4.2.2 of the 2023 Universal Registration Document.

Fourteenth resolution: approval of the remuneration policy for Directors

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the remuneration policy for Directors as presented in the aforementioned report in compliance with Article L. 22-10-8 of the French Commercial Code and restated in paragraph 2.4.1.1 of the 2023 Universal Registration Document.

Fifteenth resolution: approval of the remuneration policy for the Chairman of the Board of Directors

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the remuneration policy for the Chairman of the Board of Directors as presented in the aforementioned report in compliance with Article L. 22-10-8 of the French Commercial Code and restated in paragraph 2.4.1.2.2. of the 2023 Universal Registration Document.

Sixteenth resolution: approval of the remuneration policy for the Chief Executive Officer

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the remuneration policy for the Chief Executive Officer as presented in the aforementioned report in compliance with Article L. 22-10-8 of the French Commercial Code and restated in paragraph 2.4.1.2.1. of the 2023 Universal Registration Document.

Resolution 17: Authorisation for the Company to buy back its own shares

EXPLANATORY STATEMENT

As the existing authorisation is due to expire in October 2024, it is proposed that the Annual General Meeting give the Board of Directors a new authorisation, it being specified that in the event of a public offer being filed by a third party with regard to Company securities, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

The Company would be able to buy its own shares for the following purposes:

- cancelling them by a reduction in its capital;
- allocating or selling them to employees, directors and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit sharing schemes, free grants of shares or all employee share ownership programmes as well as for the purpose of carrying out any transaction to cover the above-mentioned employee share ownership programmes;
- market-making under a liquidity agreement entered into with an investment services provider in accordance with the ethics charter recognised by the French Financial Markets Authority (AMF);
- retaining the shares and subsequently using them (as payment, in an exchange or otherwise) in connection with external growth, merger, demerger or contribution.

The purchase, sale, exchange or transfer of these shares may be carried out by any means, on one or more occasions, in particular on or off the stock market, including in whole or in part, through the acquisition, sale, exchange or transfer of blocks of shares. These means include, where applicable, the use of all financial instruments and derivatives.

This authorisation would take effect on the date of this Annual General Meeting and would expire at the end of a period of eighteen months from the date of this Annual General Meeting. It would render ineffective from that day onwards any previous authorisation for the unused portion with the same purpose.

The purchase price per share may not exceed €700 (excluding expenses). The authorisation would cover a maximum of 10% of the share capital – a maximum of 5% of the capital for the shares acquired to be retained and subsequently remitted (for payment, exchange, or other purposes) in the context of transactions for external growth, merger, demerger or contribution – which is, as an indication at 31 December 2023, 53,472,547 shares for a maximum of €37,430,783,250.00, it being understood that the Company may not, at any time, hold more than 10% of its own share capital.

Seventeenth resolution: Authorisation for the Company to repurchase its own shares

The Annual General Meeting, voting with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, authorises the Board of Directors, with the option to delegate to the Chief Executive Officer, to purchase shares of the Company in accordance with Articles L. 225-210 et seq. and L. 22-10-62 et seq. of the French Commercial Code, and EU Regulation No 596/2014 of the European Parliament and of the Council of 16 April 2014, and subject to the following conditions:

The Company may buy back its own shares under the conditions defined by the laws and regulations in force, and notably with a view to:

- cancelling them by a reduction in its capital;
- allocating or selling them to employees, directors and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit sharing schemes, free grants of shares or all employee share ownership programmes as well as for the purpose of carrying out any transaction to cover the above-mentioned employee share ownership programmes;
- market-making under a liquidity agreement entered into with an investment services provider, in accordance with the ethics charter recognised by the French Financial Markets Authority (AMF); and
- retaining the shares and subsequently using them (as payment, in an exchange or otherwise) in connection with external growth, merger, demerger or contribution.

The purchase price per share may not exceed €700 (excluding expenses).

The number of shares that the Company may acquire may not exceed:

- for shares acquired to be retained and subsequently remitted (for payment, exchange, or other purposes) in connection with merger, demerger, or contribution transactions: 5% of the number of shares making up the Company's capital on the date of completion of these buybacks, i.e. as an indication at 31 December 2023, 26,736,273 shares for a maximum amount of €18,715,391,625;
- for shares acquired for another purpose: 10% of the number of shares making up the Company's share capital on the date of completion of these repurchases, i.e. as an indication at 31 December 2023, 53,472,547 shares for a maximum amount of €37,430,783,250.00; and
- it being understood that the Company may not, at any time, hold more than 10% of its own capital.

The purchase, sale, exchange or transfer of these shares may be carried out by any means on one or more occasions, on or off the stock market, including in whole or in part, through the acquisition, sale, exchange or transfer of blocks of shares. These means include, where applicable, the use of all financial instruments and derivatives.

These transactions may be carried out at any time, in accordance with the regulations in force at the time of the transactions concerned, it being specified that in the event of a public offer being filed by a third party with regard to Company securities, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

The Annual General Meeting resolves that this authorisation takes effect on the date of this Annual General Meeting and will expire at the end of a period of eighteen months from the date of this Annual General Meeting. It renders ineffective from this day onwards any previous authorisation for the unused portion with the same purpose.

The Board of Directors will have the option of allocating and reassigning to any of these objectives all the treasury shares currently held by the Company. Full powers are granted to the Board of Directors, with the option for it to delegate, for the implementation of this resolution and, more generally, to do anything that may be necessary.

8.1.2. Extraordinary part

Resolution 18: Authorisation granted to the Board of Directors to reduce the share capital by cancelling the shares acquired by the Company under Article L. 22-10-62 of the French Commercial Code

EXPLANATORY STATEMENT

The authorisation granted to the Board of Directors in 2022 to cancel shares purchased by the Company within the scope of Article L. 22-10-62 of the French Commercial Code is due to expire.

It is proposed that the Annual General Meeting give the Board a new authorisation allowing it to cancel shares, subject to the statutory limits, namely 10% of the existing share capital on the date of the cancellation, per twenty-four month periods.

This authorisation would be granted for a duration of twenty-six months from the date of this Annual General Meeting and would render ineffective, as from this date, for the unused portion, any prior authorisation for the same purpose.

Eighteenth resolution: authorisation granted to the Board of Directors to reduce the share capital by cancelling the shares acquired by the Company under Article L. 22-10-62 of the French Commercial Code

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, authorises the Board of Directors, in accordance with Article L. 22-10-62 of the French Commercial Code, to cancel, on one or more occasions, all or some of the shares held by the Company under Article L. 22-10-62 of the French Commercial Code, subject to a limit of 10% of the share capital existing on the date of cancellation per twenty-four month periods.

Full powers are granted to the Board of Directors, with the ability to delegate, to:

- carry out a reduction in share capital by a cancellation of shares;
- determine the final amount of the capital reduction;
- set the terms and conditions and record completion;
- deduce the difference between the carrying amount of the shares cancelled and their nominal amount from the available reserves and premiums;
- amend the articles of association accordingly; and
- more generally, carry out all formalities and do everything necessary for the implementation of this resolution.

This authorisation is granted for a duration of twenty-six months from the date of this Annual General Meeting and renders ineffective, as from this date, for the unused portion, any prior authorisation for the same purpose.

Resolution 19: Authorisation granted to the Board of Directors to carry out free grants of existing shares and/or shares to be issued with cancellation of shareholders' preferential subscription right to employees and directors and corporate officers

EXPLANATORY STATEMENT

It is proposed that the Annual General Meeting renew its authorisation to carry out free grants of shares to Group employees and certain corporate officers which will expire in June 2024.

Under the scope of this authorisation, the number of free shares that may be granted may not exceed 0.6% of the share capital on the date of the Board of Directors' decision.

The total number of free shares granted to the corporate officers during a financial year may not represent more than 10% of the total number of free shares granted during this same financial year.

Pursuant to Article L. 225-197-1 of the French Commercial Code, the free grant of shares to their beneficiaries will become final and binding subject to the satisfaction of the other conditions set at the time of the grant, and specifically the employment condition, for all or part of the shares granted:

- either after a minimum vesting period of two years, and in this case, without a minimum holding period;
- or after a minimum vesting period of one year, it being stated that the beneficiaries must then hold these shares for a minimum of one year from their final allocation.

In all cases, the Board of Directors proposes that the vesting and holding periods should be a minimum of four years. The Board of Directors shall have the power, in all cases, to provide for vesting periods which are longer than the minimum periods set above or to provide for a holding period.

If the Annual General Meeting approves this resolution, any free grant of shares shall be decided by the Board of Directors on the basis of the proposals made by the General Management and examined by the Human Resources and Remuneration Committee.

The Board of Directors will decide the identity of the beneficiaries of the grants, the number of shares allocated to each one and the performance conditions to be met for the final vesting of all or part of the shares.

Since the plan of 13 October 2022, the Board of Directors, on the recommendation of the Human Resources and Remuneration Committee, decided to introduce criteria for non-financial performance in addition to financial performance within the long-term remuneration plan, in order to correlate them with L'Oréal's strategy in which economic performance and environmental and social performance go hand-in-hand.

These performance conditions take into account:

- in part, **financial performance criteria** on the basis of the following reported figures:
  - growth in comparable cosmetics sales of L'Oréal as compared to a panel of L'Oréal's major direct competitors, and
  - growth in L'Oréal's consolidated operating profit;
- in part, **non-financial performance criteria** on the basis of:
  - fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (% of renewable energy achieved by the Group's operated sites; % of plastic packaging that comes from either recycled or biobased sources; number of people benefitting from the Group's brands' social commitment programmes, hereinafter "L'Oréal for the Future Commitments"), and
  - gender balance within management bodies (strategic positions including the Executive Committee, hereinafter the Management Bodies).

The figures recorded each year to determine the levels of performance achieved are published in the Annual Financial Report included in the Universal Registration Document.

The Board of Directors considers that both of these types of criteria, assessed over a long period of three full financial years, are complementary, in line with the Group's objectives and its specificities, and should make it possible to promote balanced, continuing and sustainable growth over the long term. They are exacting but remain a source of motivation for the beneficiaries.

Pursuant to the criterion relating to net sales, in order for all free shares granted to be fully vested by the beneficiaries at the end of the vesting period, L'Oréal's comparable growth in net sales must outperform the average growth in net sales of the panel of competitors. This panel comprises Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao and Coty. Below this level, the grant decreases. If L'Oréal's comparable growth in net sales is less than the average growth in sales of the panel of competitors, no share will be allocated for this criterion.

Pursuant to the criterion related to operating profit, a level of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all free shares granted to be finally vested by the beneficiaries at the end of the vesting period. Below this level, the number of finally vested shares is in decline. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion.

With regard to the criterion of fulfilling commitments made under the L'Oréal for the Future programme, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, a certain average level of achievement of the L'Oréal for the Future Commitments, defined by the Board and made public, must be reached over the period. Below this level, the grant decreases. No shares will vest if the average of the results for the L'Oréal for the Future Commitments falls below the minimum level defined by the Board and made public.

Pursuant to the criterion relating to gender balance within Management Bodies, in order for all the free shares granted to be finally vested by the beneficiaries at the end of the vesting period, the average representation of one of the sexes must account for at least 40% of employees on the Management Bodies. Below this level, the grant decreases. No shares will vest in relation to this criterion if the average representation of one of the sexes is less than 35% over the vesting period.

These performance conditions will apply, for all individual grants greater than 100 free shares per plan, to all shares above the hundredth share, with the exception of grants to the directors and corporate officers and members of the Executive Committee, for which they will apply in total.

The free grant of shares may be carried out for all Group staff without performance conditions, or for shares allocated on the basis of cash subscriptions carried out as part of a share capital increase reserved for Group employees pursuant to the twentieth and twenty-first resolutions put before this Annual General Meeting or, if applicable, pursuant to any similar resolutions that may supersede those resolutions during the period of validity of this delegation.

Any allocations of shares to the directors and corporate officers will be decided by the Board of Directors on the basis of the proposals of the Human Resources and Remuneration Committee after assessment of their performance.

The corporate officers of L'Oréal will be required to hold 50% of their fully vested shares in registered form until they cease to hold office.

Nineteenth resolution: authorisation granted to the Board of Directors to carry out free grants of existing shares and/or shares to be issued, with cancellation of shareholders' preferential subscription rights, to employees and directors and corporate officers

The Annual General Meeting, voting in accordance with the quorum and majority required for Extraordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, and acting in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code:

1. authorises the Board of Directors to carry out, on one or several occasions, free grants of existing Company shares or shares to be issued in the Company to employees and directors and corporate officers of the Company and of its French or foreign affiliates under the conditions of Article L. 225-197-2 of the French Commercial Code, or to certain categories of such affiliates;
2. sets the validity period of this authorisation, which may be used on one or several occasions, at twenty-six months from the date of the Annual General Meeting, and notes that this authorisation renders ineffective the unused portion of any prior authorisation for the same purpose;
3. decides that the number of free shares granted may not represent more than 0.6% of the share capital recorded on the date of the Board of Directors' decision, it being specified that this maximum number of shares, existing or to be issued, does not include the number of additional shares that may be allocated as the result of an adjustment in the number of shares initially granted following a transaction on the Company's share capital;
4. decides that the amount of the share capital increases that may be carried out pursuant to this resolution will be included in the overall ceiling set out in the fourteenth resolution adopted by the Annual General Meeting of 21 April 2023 or, as applicable, the ceiling set out in a similar resolution that may potentially supersede this fourteenth resolution during the period of validity of this delegation;
5. decides that the number of free shares granted to the Company's corporate officers during a financial year under this resolution may not represent more than 10% of the total number of free shares granted during the same financial year;
6. decides that the Board of Directors shall determine the identity of the beneficiaries of the allocations and the number of free shares granted to each one as well as the conditions to be met in order for the allocation to become binding, and notably the performance conditions, it being stated that the free grant of shares may be carried out without performance conditions as part of an allocation made (i) for the benefit of all employees and directors and corporate officers of the Company and, if applicable, of its French and foreign affiliates, or (ii) for the benefit of employees and directors and corporate officers of foreign companies subscribing to a capital increase carried out pursuant to the twentieth and twenty-first resolutions put before this Annual General Meeting or, if applicable, pursuant to any similar resolutions that may supersede these twentieth and twenty-first resolutions during the period of validity of this delegation, or taking part in an employee shareholder transaction through the disposal of existing shares, or (iii) for the benefit of employees that are not members of the Executive Committee for a maximum of 100 free shares allocated as part of each of the plans decided by the Board of Directors;
7. decides (i) that the grant of such shares to their beneficiaries, for all or part of the shares granted, will become final and binding subject to satisfying the other conditions set at the time of the grant, at the end of a minimum vesting period of four years, and (ii) that the Board of Directors may set, and if applicable decide the duration of, a holding period for the vested shares;
8. decides that the grant of these shares to their beneficiaries will become final and binding prior to the expiry of the above-mentioned vesting periods in the event of disability of the beneficiary corresponding to a classification in the second or third categories provided for in Article L. 341-4 of the French Social Security Code (Code de la sécurité sociale) and that such shares will be freely transferable in the event of disability of the beneficiary corresponding to a classification in the abovementioned categories under the French Social Security Code;
9. authorises the Board of Directors to carry out, where applicable, during the vesting period, adjustments to the number of shares associated with any possible transactions on the Company's share capital under the meaning of Article L. 225-181 of the French Commercial Code, so as to preserve the rights of the beneficiaries;
10. acknowledges that this authorisation automatically entails, for the benefit of the beneficiaries of the free shares, the waiver by shareholders of their preferential subscription rights and of the portion of the reserves, profits or share premiums which, where applicable, are necessary for the issue of new shares; and
11. delegates full powers to the Board of Directors, with the ability to delegate within the legal limits, to implement this authorisation.

Resolutions 20 and 21: Delegations of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees and certain categories of employees internationally, with cancellation of the shareholders' preferential subscription rights

EXPLANATORY STATEMENT

It is proposed to the Annual General Meeting, pursuant to the twentieth resolution, to delegate the Board of Directors with the authority to decide on a capital increase in favour of the Group's employees who are members of an Employee Savings Scheme.

This delegation granted for a period of twenty-six months would enable the employees of Group companies to subscribe to L'Oréal shares, in France, by registering for the employee savings schemes.

In order for the Board to be able to implement, where applicable, a global employee share ownership programme under the best possible conditions, it is also proposed to the Annual General Meeting in the twenty-first resolution to delegate to the Board of Directors the authority to increase the share capital in favour of Group employees or categories of Group employees outside France.

This delegation granted for a period of eighteen months would make it possible to propose the subscription of L'Oréal shares to Group employees or categories of Group employees outside France, by adapting the conditions of the offering to local specificities.

Pursuant to the twentieth resolution, the issue price may not be higher than the average of the trading prices recorded on the Euronext Paris market for the twenty trading days prior to the date of the decision setting the opening date of the subscription period; the discount may not exceed the legal maximum of 30%, it being specified that the Board of Directors, or its delegated agent, is expressly authorised, if he deems wise, to reduce or remove the discount.

Pursuant to the twenty-first resolution, the issue price would be determined under terms and conditions similar to those set for the twentieth resolution, and could also be set taking into account the specific regime of an offering of shares in the Company carried out within the framework of a share ownership scheme governed by foreign law.

The Annual General Meeting is therefore asked, under the twentieth and twenty-first resolutions, to delegate to the Board of Directors the authority to increase the share capital of the Company, on one or more occasions, within the limit of 1% of the share capital, which is, for information purposes at 31 December 2023 through the issue of 5,347,254 new shares; this ceiling being applicable jointly to the twentieth and twenty-first resolutions. The amount of any share capital increases that may be carried out on the basis of the twentieth and twenty-first resolutions will be deducted from the amount of the overall ceiling of 40% of the share capital set out in the fourteenth resolution adopted by the Annual General Meeting of 21 April 2023 or, if applicable, from the ceiling set out in any similar resolution that may supersede this fourteenth resolution during the period of validity of this delegation.

Twentieth resolution: delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of shareholders' preferential subscription rights

The Annual General Meeting, having reviewed the Report of the Board of Directors and the Special Report of the Statutory Auditors, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labour Code:

1. delegates to the Board of Directors the authority to decide to carry out, on one or more occasions, on its own decisions alone, in the proportions and at the times it may consider appropriate, the issuance of ordinary shares or securities giving access to the Company's capital reserved for employees, directors and corporate officers and eligible former employees, of the Company and of its French and foreign affiliates as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, who are subscribers of an Employee Savings Scheme;
2. decides to cancel, in favour of the employees, directors, corporate officers and eligible former employees, of the Company and of its French and foreign affiliates as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, who are subscribers of an Employee Savings Scheme, the shareholders' preferential subscription rights to the shares or securities giving access to the Company's share capital; it being specified that the subscription of the shares or securities giving access to the Company's share capital issued on the basis of this resolution may be carried out through any employee investment fund and, in particular, a "structured" employee investment fund within the meaning of the regulations of the French Financial Markets Authority (AMF), or any other collective body authorised by the regulations;
3. sets the period of validity of this delegation of authority at twenty-six months as from the date of this Annual General Meeting, and acknowledges that this delegation renders ineffective the unused portion of any prior delegation for the same purpose; it being specified that in the event of filing of a public offer by a third party with regard to the Company's securities, the Board of Directors will not be able to use this authorisation during the public offer period without prior authorisation of the General Meeting;

4. decides to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that could thus be carried out (namely, for information purposes, as at 31 December 2023, an increase in the share capital by a nominal amount of €1,069,450 by issuing 5,347,254 new shares); it being specified that the cumulative amount of the increases in share capital that may be carried out under this resolution and the twenty-first resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting, which constitutes a ceiling applicable jointly to the twentieth and twenty-first resolutions;
5. decides that the amount of any share capital increases that may be carried out pursuant to this resolution will be deducted from the overall ceiling set out in the fourteenth resolution adopted by the Annual General Meeting of 21 April 2023 or, if applicable, from the ceiling set out in any similar resolution that may supersede this fourteenth resolution during the period of validity of this delegation;
6. decides that the subscription price may include a discount to the average of the trading prices on the Euronext Paris market for the 20 trading days prior to the date of the decision setting the opening date of the subscription period. Such discount may not exceed the legal maximum of 30% of this average, it being specified that the Board of Directors, or its delegate, if it deems appropriate, is expressly authorised to reduce or eliminate the discount, in particular to take into account market practices, legal and tax regimes applicable in the countries of residence of the beneficiaries of the capital increase;
7. decides, pursuant to Article L. 3332-21 of the French Labour Code, that the Board of Directors will be able to provide for the free grant to the beneficiaries specified above of shares that have already been issued or are to be issued, for the employer contribution that may be paid pursuant to the Employee Savings Scheme regulations, and/or in respect of the discount, provided that, after taking into account their equivalent monetary value, valued at the subscription price, this does not have the effect of exceeding the limits provided for in Articles L. 3332-11 and L. 3332-19 of the French Labour Code;
8. decides that the Board of Directors will have full powers with the ability to delegate further under the conditions provided for by law, to implement this delegation of authority within the limits and under the conditions specified above, in particular in order to:
   - set the conditions that must be met by the employees and eligible former employees to be able to subscribe, individually or through an employee investment fund, to the shares issued pursuant to this delegation,
   - decide on the list of companies whose employees may benefit from the issue,
   - decide on the amount to be issued, the features, where applicable, of the securities giving rights to the Company's capital, the issue price, the dates of the subscription period and the terms and conditions of each issue,
   - set the time period allotted to the beneficiaries to pay up their securities and the payment terms,
   - set the date, even with retrospective effect, as of which the new shares will carry dividend rights,
   - deduct, where applicable, the costs, taxes and fees of such issues from the amount of the share premiums and deduct, where applicable, from the amounts of the share premiums, the amounts required to increase the legal reserve to the level required by the French legislation and regulations in force, and, in the event of an issue of new free shares granted in respect of the employer contribution and/or discount, to deduct, where applicable, the sums necessary for paying up such shares from the reserves, profits or share premiums of its choice, and
   - in general, carry out all acts and formalities, take any decisions and enter into any agreements that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation of authority and record the final completion of the capital increase(s) made pursuant to this delegation of authority and amend the Articles of Association accordingly.

Twenty-first resolution: delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of preferential subscription rights, within the scope of an employee share ownership plan

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors and the Special Report of the Statutory Auditors, and acting in accordance with the provisions of Articles L. 225-129-2 and L. 225-138 of the French Commercial Code:

1. delegates to the Board of Directors the authority to decide to increase the Company's share capital, on one or more occasions, in the proportions and at the times it may consider appropriate, through the issue of shares or securities giving access to the Company's capital with cancellation of shareholders' preferential subscription rights in favour of the beneficiaries defined below;
2. decides to cancel shareholders' preferential subscription rights to the shares and securities giving access to the Company's capital issued within the scope of this delegation of authority and to reserve the right to subscribe them to one or several categories of beneficiaries meeting the following characteristics: (i) employees, directors and corporate officers of affiliates of the Company under the conditions of Article L. 225-180 of the French Commercial Code and Article L. 3341-1 of the French Labour Code and which have their headquarters outside France and/or (ii) for UCITS or other entities governed by French or foreign law, whether or not they constitute a legal person, of employee share ownership schemes invested in shares of the Company whose unitholders or shareholders will consist of the persons mentioned in paragraph (i) or enabling the persons mentioned in paragraph (i) to benefit, either directly or indirectly, from a Company employee share ownership plan or employee share savings scheme;
3. sets the period of validity of this delegation of authority at eighteen months as from the date of this Annual General Meeting, and notes that this delegation renders ineffective the unused portion of any prior delegation for the same purpose; it being specified that in the event of filing of a public offer by a third party with regard to the Company's securities, the Board of Directors will not be able to use this authorisation during the public offer period without prior authorisation of the Annual General Meeting;

4. decides that the issue price of the new shares, to be issued pursuant to this delegation of authority, will be set, (i) on the basis of an average of the trading prices on the Euronext Paris market for the 20 trading days prior to the date of the decision of the Board of Directors or the Chief Executive Officer, setting the opening date of the subscription period, with a maximum discount of 30%, and/or (ii) at the same price as decided on the basis of the twentieth resolution at the time of a simultaneous transaction, and/or (iii) in accordance with the terms and conditions for setting the subscription price for the Company's shares taking into account the specific regime of an offering of shares in the Company that would be carried out within the framework of a share ownership scheme governed by foreign law, and in particular within the scope of a Share Incentive Plan in the United Kingdom or a 401k or 423 plan in the United States;
5. decides to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that may be carried out (namely, for information purposes, at 31 December 2023, an increase in the share capital by a maximum nominal amount of €1,069,450 through the issue of 5,347,254 new shares), it being specified that the cumulative amount of the increases in share capital that may be carried out under this resolution and the twentieth resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting, which constitutes a ceiling applicable jointly to the twentieth and twenty-first resolutions;
6. decides that the amount of any share capital increases that may be carried out pursuant to this resolution will be deducted from the overall ceiling set out in the fourteenth resolution adopted by the Annual General Meeting of 21 April 2023 or, if applicable, from the ceiling set out in any similar resolution that may supersede this fourteenth resolution during the period of validity of this delegation;
7. decides that the Board of Directors will have full powers, to delegate further under the conditions provided for by law, with the possibility to delegate authority on one or more occasions, in particular in order to:
   - decide on the list of beneficiaries, from one or more categories defined above, or the categories of employees who will be beneficiaries of each issue and the number of shares to be subscribed to by each of them,
   - determine the formulas and methods of subscription which will be presented to the employees in each country concerned, in light, where applicable, of the local legal constraints that apply, and select the countries chosen from those in which the Group has subsidiaries as well as such subsidiaries whose employees will be able to participate in the transaction,
   - decide on the maximum number of shares to be issued, within the limits set by this resolution and record the final amount of each capital increase and amend the Articles of Association accordingly;
   - decide on the dates and any other terms and conditions of such a share capital increase under the conditions provided for by law,
   - deduct the costs of such an increase in capital from the amount of the related share premiums and take from this amount the amounts necessary to increase the legal reserve to one-tenth of the new amount of the share capital resulting from such an increase, and
   - in general, carry out all acts and formalities, take any decisions and enter into any agreements that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation of authority and record the final completion of the capital increase(s) made pursuant to this delegation of authority and amend the Articles of Association accordingly.

Resolution 22: Powers for formalities

EXPLANATORY STATEMENT

This resolution is intended to grant the powers necessary to carry out all formalities resulting from the Annual General Meeting.

Twenty-second resolution: Powers for formalities

The Annual General Meeting grants full powers to the bearer of an original, copy or extract of these minutes to accomplish all legal and administrative formalities, and to make all filings and announcements prescribed by law.

8.2. Statutory Auditor's Reports

8.2.1. Statutory Auditors' Report on the share capital reduction

(Ordinary and Extraordinary Annual General Meeting of April 23, 2024 – Eighteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Oréal,

In our capacity as Statutory Auditors of your Company and in accordance with article L.22-10-62 of the French Commercial Code (Code de commerce), which applies in the event of a share capital reduction by cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and terms and conditions of the planned share capital reduction.

The Board of Directors invites you to delegate, for a period of 26 months as from the date of this Annual General Meeting, the authority to cancel, on one or more occasions, up to a maximum limit of 10% of the share capital as of the date of the cancellation, and within a given period of 24 months, shares purchased pursuant to an authorization for the Company to purchase its own shares in accordance with the aforementioned article.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. Those standards require that we ensure that the reasons for and terms and conditions of the planned share capital reductions, which are not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and the terms and conditions of the proposed share capital reduction.

Paris La Défense, February 16, 2024

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David DUPONT-NOEL	Céline EYDIEU-BOUTTE

8.2.2. Statutory Auditors' Report on the authorization of free grants of existing shares and/or shares to be issued

(Ordinary and Extraordinary Annual General Meeting of April 23, 2024 – Nineteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Oréal,

In our capacity as the Statutory Auditors of your company (the "Company") and in accordance with article L.225-197-1 of the French Commercial Code (Code de commerce), we hereby report to you on the proposed authorization of free grants of existing shares and/or shares to be issued to employees and corporate officers of L'Oréal and French or non-French entities related to your Company, within the meaning of article L.225-197-2 of the French Commercial Code, or to certain categories of said employees and corporate officers, a matter submitted for your approval.

The total number of shares likely to be granted under this authorization may not represent more than 0.6% of the Company's share capital as of the date of the Board of Directors' decision, it being specified that the aggregate amount of any share capital increases that may be carried out under this resolution will count towards the maximum limit for share capital increases set in the fourteenth resolution approved by the Annual General Meeting of April 21, 2023.

On the basis of its report, the Board of Directors invites you to authorize it, for a period of 26 months as from the date of this Annual General Meeting, to grant for no consideration existing shares and/or shares to be issued on one or more occasions.

It is the role of the Board of Directors to prepare a report on the proposed transaction. It is our responsibility to provide you with our observations, if any, on the information provided to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying in particular that the proposed terms and conditions of the transaction described in the Board of Directors' report comply with applicable legal provisions.

We have no matters to report on the information provided in the Board of Directors' report, with respect to the proposed authorization to grant free shares.

Paris La Défense, February 16, 2024

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David DUPONT-NOEL	Céline EYDIEU-BOUTTE

8.2.3. Statutory Auditors' Report on the issue of shares and securities granting access to the company's share capital reserved for members of an employee savings scheme

(Ordinary and Extraordinary Annual General Meeting of April 23, 2024 - Twentieth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Oréal,

In our capacity as the Statutory Auditors of your company (the "Company") and in accordance with articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares or securities granting access to the Company's share capital, with cancelation of preferential subscription rights, reserved for employees, corporate officers and eligible former employees of your Company and of French and non-French entities related to your Company within the meaning of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code (Code du travail), who are members of a Company employee savings scheme, a matter submitted for your approval.

This transaction is submitted for your approval in accordance with the provisions of article L.225-129-6 of the French Commercial Code and articles L.3332-18 *et seq.* of the French Labor Code.

The maximum par value amount of share capital increases that may be performed immediately or in the future pursuant to this delegation is set at 1% of the share capital on the date of this Annual General Meeting, it being specified that:

- the aggregate amount of the share capital increases that may be carried out, either immediately or in the future, under this resolution and the twenty first resolution may not exceed 1% of the share capital as at the date of this Annual General Meeting, which represents a common limit for both these resolutions, and;
- the amount of any share capital increases that may be carried out, either immediately or in the future, under this resolution, will count towards the maximum limit for share capital increases set in the fourteenth resolution approved by the Annual General Meeting of April 21, 2023.

On the basis of its report, the Board of Directors invites you to delegate, for a period of twenty-six months as from the date of this Annual General Meeting, the authority to decide to undertake one or more share capital increases and to cancel your preferential subscription rights to the shares or securities to be issued. The Board of Directors would be responsible for setting the final terms and conditions of any such issue.

It is the role of the Board of Directors to prepare a report in accordance with articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of preferential subscription rights and on certain other information relating to the issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report relating to the transaction and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of each proposed issue, we have no matters to report with regard to the methods used to set the issue price of the securities to be issued as presented in the Board of Directors' report.

Since the final terms and conditions of the issue(s) have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders' preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue ordinary shares or securities granting access to other securities, or issue securities granting access to securities to be issued.

Paris La Défense, February 16, 2024

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David DUPONT-NOEL	Céline EYDIEU-BOUTTE

8.2.4. Statutory Auditors' Report on the issue of shares and securities granting access to the company's share capital reserved for categories of beneficiaries consisting of employees of foreign subsidiaries within the scope of an employee share ownership program

(Ordinary and Extraordinary Annual General Meeting of April 23, 2024 – Twenty-first resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Oréal,

In our capacity as the Statutory Auditors of your company (the "Company") and in accordance with articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code (Code de commerce), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares or securities granting access to the Company's share capital, with cancelation of preferential subscription rights, reserved for one or more categories of beneficiaries meeting the following characteristics: (i) employees and corporate officers of entities related to the Company within the meaning of article L.225-180 of the French Commercial Code and article L.3341-1 of the French Labor Code (Code du travail), which have their registered office outside France and/or (ii) UCITS or other entities governed by French or non-French law, whether or not they have legal personality, established for the purposes of employee share ownership programs invested in shares of the Company whose unitholders or shareholders will consist of the persons defined in (i) or enabling the persons defined in (i) to benefit, either directly or indirectly, from an employee share ownership or Company employee share savings program, a matter submitted for your approval.

The maximum par value amount of share capital increases that may be performed immediately or in the future pursuant to this delegation is set at 1% of the share capital on the date of this Annual General Meeting, it being specified that:

- the aggregate amount of the share capital increases that may be carried out, either immediately or in the future, under this resolution and the twentieth resolution may not exceed 1% of the share capital as at the date of this Annual General Meeting, which represents a common limit for both these resolutions;
- the amount of any share capital increases that may be carried out, either immediately or in the future, under this resolution, will count towards the maximum limit for share capital increases set in the fourteenth resolution approved by the Annual General Meeting of April 21, 2023.

On the basis of its report, the Board of Directors invites you to delegate, for a period of eighteen months as from the date of this Annual General Meeting, the authority to decide to undertake one or more share capital increases and to cancel your preferential subscription rights to the shares or securities to be issued. The Board of Directors would be responsible for setting the final terms and conditions of any such issue.

It is the role of the Board of Directors to prepare a report in accordance with articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of preferential subscription rights and on certain other information relating to the issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report relating to the transaction and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of each proposed issue, we have no matters to report as regards the methods used to set the issue price of the securities to be issued as presented in the Board of Directors' report.

Since the final terms and conditions of the issue(s) have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders' preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue ordinary shares or securities granting access to other securities, or issue securities granting access to securities to be issued.

Paris La Défense, February 16, 2024

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David DUPONT-NOEL	Céline EYDIEU-BOUTTE

Appendices

9

AFR *This information is an integral part of the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code.*

9.1. Statutory Auditors AFR

	Date of first appointment	Date of appointment	Term of office	Expiry date
				Current appointments
Auditors				
Deloitte & Associés				
Statutory Auditor, member of the Compagnie Régionale de Versailles, represented by David Dupont-Noel 6, place de la Pyramide 92908 Paris-La Défense Cedex (France)	29 April 2004	21 April 2022	6 financial years	AGM reviewing the financial statements for 2027 to be held in 2028
Ernst & Young				
Statutory Auditor, member of the Compagnie Régionale de Versailles et du Centre, represented by Céline Eydieu-Boutte Tour First TSA 14444 92037 Paris-La Défense Cedex (France)	21 April 2022	21 April 2022	6 financial years	AGM reviewing the financial statements for 2027 to be held in 2028

Fees accruing to auditors and members of their networks payable by the Group: see note 16 of the Consolidated financial statements in chapter 5 of this document.

9.2. Historical financial information included by reference

In accordance with Article 19 of European regulation EU No. 2017/1129 of 14 June 2017, this 2021 Universal Registration Document contains the following information by reference:

- the consolidated financial statements for the financial year ended 31 December 2021 prepared in accordance with IFRS and the accompanying Statutory Auditors' Report presented on pages 343 to 346 of the 2021 Universal Registration Document, filed with the French Financial Markets Authority (AMF) on 17 March 2022 under number D. 22-0118, and the information extracted from the 2021 Management Report presented on pages 36 to 45 of the 2021 Universal Registration Document;
- the consolidated financial statements for the financial year ended 31 December 2022 prepared in accordance with IFRS and the accompanying Statutory Auditors' Report presented on pages 313 to 316 of the 2022 Universal Registration Document, filed with the French Financial Markets Authority (AMF) on 16 March 2023 under number D. 23-0098, and the information extracted from the 2022 Management Report presented on pages 36 to 45 of the 2022 Universal Registration Document.

9.3. Declaration by the person responsible for the Universal Registration Document and the Annual Financial Report AFR

Person responsible for the Universal Registration Document and the Annual Financial Report: Mr Christophe Babule, Chief Financial Officer, on the authority of L'Oréal's Chief Executive Officer, Mr Nicolas Hieronimus.

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and that there is no omission likely to alter its scope.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all its consolidated subsidiaries, and that the elements of the Management Report included in this document, as detailed in the cross-reference table available in section 9.7., present a true and fair review of the development and performance of the business and the position of the Company and all its consolidated subsidiaries, together with a description of the main risks and uncertainties that they face."

Clichy, 15 March 2023

On the authority of the Chief Executive Officer,

Christophe Babule,

Chief Financial Officer

9.4. Cross-reference table with the Universal Registration Document

In order to facilitate the reading of this Universal Registration Document, the following table provides the page references of the main information required by Annex 1 of European delegated regulation No. 2019/980, completing the European regulation No. 2017/1129.

Schedule based on annex 1 European delegated regulation No. 2019/980	Pages
1. Persons responsible, third party information, expert's reports and competent authority approval	
1.1. Name and function of the persons responsible	438
1.2. Declaration of the persons responsible	438
1.3. Expert statements	N/A
1.4. Information from third parties	16-17
1.5. Declaration without approval of the competent authority	3
2. Statutory Auditors	438
3. Risk factors	155-167
4. Information about the issuer	392-394
4.1. Legal and commercial name	392
4.2. Place and number of registration and legal entity identifier (LEI)	392
4.3. Incorporation date and duration	392
4.4. Domicile, legal form, applicable law, country of incorporation, address and telephone number of registered office, and website	392, outside back cover
5. Business overview	
5.1. Principal activities	18-26
5.2. Principal markets	24-25, 16-17
5.3. Important events	47-49, 350, 412
5.4. Strategy and objectives	4-5, 8-11, 18-26, 50-53, 175
5.5. Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	31-34, 166
5.6. Basis for any statements made by the issuer regarding its competitive position	16-17
5.7. Investments	
5.7.1. Important investments completed	38-39, 49
5.7.2. Important investments being completed or contemplated	348
5.7.3. Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.	351-355, 380-383
5.7.4. Environmental issues that may affect the issuer's utilisation of the tangible fixed assets	51-53, 162-164, 180, 182 - 237, 347-348
6. Organisational structure	
6.1. Brief description of the Group	8-25
6.2. List of the significant subsidiaries	351-353, 380-383
7. Operating and financial review	
7.1. Financial condition	
7.1.1. The issuer's business development and performance	18-29, 39-49, 292-297, 362-365
7.1.2. The issuer's future development and its activities in the field of research and development	30-34, 49
7.2. Operating results	42-46, 292, 362

Schedule based on annex 1 European delegated regulation No. 2019/980	Pages
8. Capital resources	
8.1. Information concerning the issuer's capital resources	295-296, 364-365
8.2. Sources and amounts of cash flows	297, 365
8.3. Information on the borrowing requirements and funding structure	27, 330-333
8.4. Restrictions on the use of capital resources that have materially affected or could materially affect the Company's activities	330, 371
8.5. Anticipated sources of funds needed to fulfil investments on which the management bodies have already made firm commitments and planned material tangible fixed assets	45-46
9. Regulatory environment	25, 34, 37, 157, 165-166, 180-182
10. Trend information	
10.1. Main trends and change in the financial performance since the end of the last financial period	49
10.2. Event likely to impact perspectives	49
11. Profit forecasts or estimates	N/A
12. Board of Directors and General Management	
12.1. Information about the members of Board of Directors and the General Management	11-16, 56-58, 66-78
12.2. Conflicts of interests	57, 65
13. Remuneration and benefits	
13.1. Amount of remuneration paid and benefits in kind	112-120, 421-425
13.2. Amount set aside or accrued to provide pension, retirement or similar benefits	312-315
14. Board practices	
14.1. Date of expiry of the current terms of office	13, 66-78
14.2. Service contracts with the Board of Directors members	65
14.3. Information about the committees	13, 84-87
14.4. Statement of compliance with the regime of corporate governance	56
14.5. Potential material impacts on the corporate governance	56-58, 79-80
15. Employees	
15.1. Number of employees	20, 239
15.2. Shareholdings and stock options of the directors and corporate officers	66-78, 397, 401
15.3. Arrangement involving the employees in the issuer's capital	398, 430-432
16. Major shareholders	
16.1. Shareholders having more than a 5% interest in the issuer's capital or voting rights	397-398
16.2. Existence of different voting rights	393
16.3. Control of the issuer	N/A
16.4. Arrangement, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	N/A
17. Related party transactions	126-128, 348-349
18. Financial information concerning the Company's assets and liabilities, financial position and profits and losses	
18.1. Historical financial information	39-46, 385
18.2. Interim and other financial information	N/A
18.3. Auditing of historical annual financial information	356-360, 387-390
18.4. Pro forma financial information	N/A
18.5. Dividend policy and amount of dividend	28, 406
18.6. Legal and arbitration proceedings	165-166, 344-346
18.7. Significant change in the issuer's financial or trading position (or negative statement)	47

9.5. Annual Financial Report cross-reference table

In order to facilitate the reading of the Annual Financial Report (Rapport Financier Annuel), the following table provides the page references of the main information required by Article L. 451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the General Regulation of the French Financial Markets Authority (AMF).

9.6. Cross-reference table with the AMF tables on the remuneration of Directors and corporate officers

The following thematic table has been prepared in order to make it possible to look at the information provided on remuneration from the perspective of the presentation in the form of 11 tables recommended by the AMF in its guide for preparing universal registration documents published on 5 January 2022 (see also AFEP-MEDEF Code).

9.7. Management Report cross-reference table

In order to review the elements of the Management Report, the following thematic table makes it possible to identify the main information provided for by Articles L. 225-100 et seq., L. 22-10-35, L. 22-10-36, L. 232-1 and R. 225-102 et seq. of the French Commercial Code and the specific section of the Management Report on corporate governance pursuant to Articles L. 225-37, paragraph 6 et seq., L. 22-10-8 et seq. of the French Commercial Code.

Elements of the 2023 Management Report	References	Pages
Group situation and activity on 2023		
Situation of the Company during the previous financial year and objective and exhaustive analysis of the business development, results and financial situation of the Company and the Group, in particular its debt situation, in relation to the volume and complexity of business	L. 225-100-1, I-1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code	39-46
Key financial performance indicators	L. 225-100-1, I-2°of the French Commercial Code	20-28
Key non-financial performance indicators relating to the Company and the Group's specific activity	L. 225-100-1, I-2°of the French Commercial Code	20-21, 29, 50-53, 182 - 263
Significant events since the beginning of financial year	L. 232-1, II and L. 233-26 of the French Commercial Code	47-49
Company and Group foreseeable trends and outlooks	L. 232-1, II and L. 233-26 of the French Commercial Code	49
Identity of the main shareholders and voting rights holders in the General Meeting, and modifications during the fiscal year	L. 233-13 of the French Commercial Code	397
Existing branch offices ("succursales")	L. 232-1, II of the French Commercial Code	23
Significant acquisitions during the financial year of equity interests in companies which have their registered office in France	Article L. 233-6 paragraph 1 of the French Commercial Code	386
Disposal of cross-shareholdings	L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	N/A
Research and Development activities (and operations)	L. 232-1, II and L. 233-26 of the French Commercial Code	31-39
Table of Company results over the past five fiscal years	R. 225-102 of the French Commercial Code	385
Information on suppliers and customers payment terms	D. 441-6 of the French Commercial Code	384
Intragroup loans granted and auditors declaration	L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	N/A
Risks factors, internal control and risk management		
Description of the main risks and uncertainties faced by the Company	L. 225-100-1, I-3° and 4° of the French Commercial Code	155-167
Description of the financial risks related to the effects of climate change and of the measures taken by the Company to reduce them through a low-carbon strategy in all components of its business	L. 22-10-35, 1° of the French Commercial Code	162-164, 180-187, 190-195, 202-203, 347-348
Internal control and risk management procedures implemented by the Company and the Groupe, related to preparation and processing of financial and accounting information	L. 22-10-35, 2° of the French Commercial Code	136-137
Information on the objectives and policy regarding the hedging of each main category of transactions and on the exposure to price, credit, liquidity and treasury risks, including the use of financial instruments	L. 225-100-1., 4° of the French Commercial Code	335-340, 167
Anti-corruption policy	Law n° 2016-1691 of 9 December 2016 called "Sapin 2"	260-261
Vigilance Plan and update on its effective implementation	L. 225-102-4 of the French Commercial Code	139-155

Elements of the 2023 Management Report	References	Pages
Corporate governance		
Information on remuneration		
Compensation policy for directors and corporate officers	Article L. 22-10-8, I, paragraph 2 of the French Commercial Code	100-112
Remuneration and benefits of any kind paid during or awarded in respect of the financial year to each director and corporate officer	L. 22-10-9, I-1° of the French Commercial Code	112-118
Relative proportion of the fixed and variable remuneration	L. 22-10-9, I-2° of the French Commercial Code	104
Use of the “claw back” possibility to claim the return of variable remuneration	L. 22-10-9, I-3° of the French Commercial Code	N/A
Commitments of any kind made by the Company for the benefit of its directors and corporate officers, corresponding to elements of remuneration, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in their duties, or thereafter	L. 22-10-9, I-4° of the French Commercial Code	120-123
Remuneration paid or granted by a company included in the scope of consolidation pursuant to Article L. 233-16 of the French Commercial Code	L. 22-10-9, I-5° of the French Commercial Code	N/A
Ratios between the remuneration of each corporate officer and the average and median remunerations of the Company employees	L. 22-10-9, I-6° of the French Commercial Code	119-120
Annual change in the remuneration, the Company’s performances, the average remuneration of the Company employees and the above-mentioned ratios over the five past financial years	L. 22-10-9, I-7° of the French Commercial Code	119-120
Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the Company and the way the performance criteria has been applied	L. 22-10-9, I-8° of the French Commercial Code	101-103, 113-118
Manner in which the vote of the last ordinary general meeting provided for by I of Article L. 22-10-34 of the French Commercial Code has been taken into account	L. 22-10-9, I-9° of the French Commercial Code	100
Derogation from the remuneration policy and any other derogations	L. 22-10-9, I-10°of the French Commercial Code	111
Application of Article L. 225-45, par. 2 of the French Commercial Code (suspension of payment of directors’ remuneration in the event of failure to comply with the Board of Directors’ gender diversity)	L. 22-10-9, I-11°of the French Commercial Code	N/A
Attribution and retention of stock options by directors and corporate officers	L. 225-185 of the French Commercial Code	123-125
Attribution and retention of free share grants to corporate officers	L. 225-197-1 and L. 22-10-59 of the French Commercial Code	123-125
Information on governance		
List of all terms of office and functions held in any company by each director and corporate officer during the financial year	L. 225-37-4, 1° of the French Commercial Code	66-78
Agreements between an Executive Officer or a major shareholder and a subsidiary	L. 225-37-4, 2° of the French Commercial Code	N/A
Table summarising the authorisations in force in respect of capital increases, as granted by the Annual General Meeting	L. 225-37-4, 3° of the French Commercial Code	394-395
Procedures for exercising the General Management	L. 225-37-4, 4° of the French Commercial Code	56-58
Composition, preparation and modus operandi of the work of the Board of Directors	L. 22-10-10, 1° of the French Commercial Code	59, 81-88
Description of the diversity policy, objectives and results applied to Board members (including application of the principle of balanced representation of women and men on the board)	L. 22-10-10, 2° of the French Commercial Code	60-65
Limits provided by the Board of Directors on Chief Executive Officer’s powers	L. 22-10-10, 3° of the French Commercial Code	93
Reference to of the AFEP-MEDEF Corporate Governance Code and application of the comply or explain principle	L. 22-10-10, 4° of the French Commercial Code	56, 125
Specific conditions related to shareholders’ attendance at the Annual General Meeting	L. 22-10-10, 5° of the French Commercial Code	393
Description and implementation of the evaluation procedure of non-regulated agreements	L. 22-10-10, 6° of the French Commercial Code	82, 86, 99

Elements of the 2023 Management Report	References	Pages
Information that may have an impact in the event of a takeover bid or exchange offer		
Shareholders' agreements relating to the securities comprising the Company's share capital	L. 22-10-11 of the French Commercial Code	397-399
Share ownership and capital		
Structure and change in Company capital and threshold notifications	L. 233-13 of the French Commercial Code	397-398
Acquisition and disposal by the Company of treasury shares	L. 225-211 of the French Commercial Code	399
Employee share ownership	Article L. 225-102, paragraph 1 of the French Commercial Code	397-398
Possible adjustments for securities giving access to share capital in case of buybacks of shares or financial transactions	R. 228-90 and R. 228-91 of the French Commercial Code	N/A
Information on trading by directors and corporate officers and related persons in Company securities	L. 621-18-2 of the French Monetary and Financial Code	126
Amount of dividends paid out in respect of the three previous fiscal years	Article 243 bis of the French General Tax Code	28, 406
Non-financial statement	L. 225-102-1, L. 22-10-38, R. 225-105 of the French Commercial Code	See Cross-reference table, 273-275
Other information		
Additional tax information	Articles 223 quater and 223 quinquies of the French General Tax Code	384
Injunctions or financial penalties in respect of anti-competitive practices	L. 464-2 of the French Commercial Code	346

9.8. Glossary

Shareholder structure: shareholders, whether individuals or legal entities, of L'Oréal, who own a portion of the capital of the company in the form of shares. (see subsection 1.1.3. and section 7.3).

Registered shares: shares registered in the shareholder's own name, enabling the issuing company to identify them by name. Pursuant to Article 15 of the Articles of Association of L'Oréal, any shareholder who can prove at the end of a financial year, that shares have been registered in their name for at least two calendar years and that they continue to be registered in their name at the date of payment of the dividend paid for that financial year, will be entitled to a preferential dividend on the shares that are thus registered, equal to 10% of the dividend.

***Autorité des Marchés Financiers* (AMF):** an independent, public, stock-market authority, which is responsible for the protection of savings invested in financial products, investor information and the proper functioning of the markets.

Beauty Tech: new technologies for the cosmetics industry intended to enhance science via large-scale cutting-edge technologies and to offer unparalleled beauty experiences. (see paragraph 1.3.6.).

Market capitalisation: the market value of a company at a given moment. It is calculated by multiplying the market price by the number of shares comprising the share capital. On 31 December 2023, the market capitalisation of L'Oréal was €241 billion.

"Carbon neutral": at the end of 2023, the Group replaced the internal "carbon neutral" status with a commitment to achieving 100% renewable energy[1] for all operated sites by 2025. However, it is still monitored to ensure compliance with the commitments that have already been made. It is defined as follows: a site must meet the following requirements: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect Market Based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.

CDP (formerly the "Carbon Disclosure Project"): an independent, recognised, international not-for-profit organisation, offering a system for assessing a company's strategy, initiatives and results in the fight against climate change, sustainable water management and forest protection.

Code of Ethics: available in 30 languages, and as an audiobook in French and English, it is distributed to all employees worldwide. It enables employees to understand how Ethical Principles (Integrity, Respect, Courage and Transparency) need to be reflected in their behaviour and actions, by providing simple rules and a description of concrete situations they may encounter. The Code of Ethics applies to all employees, directors and corporate officers and members of the Executive and Management Committees of the Group and its subsidiaries worldwide. (see subsection 4.3.3.).

AFEP-MEDEF Code: a code of corporate governance comprising a set of recommendations drawn up by the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF), in the light of consultation with various market players on corporate governance issues. L'Oréal refers to this Code.

Specialised committees of L'Oréal's Board of Directors: the Board of Directors has set up four specialised committees to help all Directors carry out their principal duties in a collective manner: the Strategy and Sustainability Committee, the Audit Committee, the Human Resources and Remuneration Committee, and the Nominations and Governance Committee. The duties of these Committees are set out in detail in subsection 2.3.3.

Consolidated financial statements: the consolidated financial statements include the financial statements of all the companies within the L'Oréal Group.

Financial statements: the parent company financial statements correspond to the annual financial statements of the Company, L'Oréal S.A. (the parent company).

Board of Directors: the collegiate body that defines the Company's business strategy and monitors its implementation, in accordance with its corporate interest, taking into consideration the social and environmental challenges associated with its business activity.

Create the beauty that moves the world: L'Oréal's sense of purpose (raison d'être). It is defined in concrete actions made to consumers, employees, clients, suppliers, shareholders, service providers and communities. L'Oréal is committed to fighting climate change, by respecting biodiversity and preserving natural resources, and to championing the cause of women. A full explanation of L'Oréal's sense of purpose is given in subsection 1.1.1.

CSRD (Corporate Sustainability Reporting Directive): Directive (EU) 2022/2464 of 14 December 2022 on sustainability reporting standards. The CSRD will enter into force in 2025 for the financial year 2024 reporting period (Universal Registration Document 2024).

Non-financial performance statement ("NFPS"): the full range of information required by the regulations (European Directive of 22 October 2014 transposed into French law by the Order of 19 July 2017) on environmental, social and human rights, the fight against corruption and tax avoidance (see cross-reference table in section 4.6.). This information is reported alongside additional, non-mandatory information in chapter 4.

Preferential dividend: a dividend increase equal to 10% of the dividend granted to any shareholder who can prove at the end of a financial year, that shares have been registered in their name for at least two calendar years and that they continue to be registered in their name at the date of payment of the dividend (see "Registered Shares").

EFRAG: the European Financial Reporting Advisory Group, a european advisory group that provides the European view on financial reporting, appointed to fully prepare drafts of the EU Sustainability Reporting Standards (ESRS) as stipulated by the **CSRD**.

Risk factors: risks specific to L'Oréal that are key to making informed investment decisions. (see section 3.5.).

(1) On the Group's operated sites, excluding safety and security as defined in paragraph 4.5.1.3. Environmental data

L'Oréal Foundation: corporate foundation, founded by L'Oréal. The Foundation focuses its work on three key areas of commitment. It works alongside women scientists (Science Commitment), supports thousands of women facing physical, psychological or social hardships (Inclusive Beauty Commitment) and is involved with innovative projects run by women who are responding to the climate emergency (Women and the Climate Commitment).

L'Oréal BOOST: the latest programme in the L'Oréal for Youth initiative, launched by the Group in July 2021, aimed at the under-30s. It aims to offer 20,000 students each year access to a selection of on-demand, digital courses from Coursera, a leading provider of online learning for students and businesses.

L'Oréal for Youth: a comprehensive, long-term programme launched in 2021, which aims to support the employment of young people and improve their employment prospects. It aims to offer 25,000 career opportunities a year to young people under the age of 30 (see subsection 4.3.2.).

L'Oréal for the Future: the second generation of L'Oréal's commitments to sustainability. The programme was launched in June 2020 with a new set of particularly ambitious targets for 2030, in order to cover all the impacts associated with the Group's value chain. The programme, which aims to ensure that the Group's business activities remain within the planetary boundaries defined by environmental science, thus marks a new ambition for the sustainability of L'Oréal with the intention of capitalising on previous achievements. (see subsection 1.4.2 and chapter 4).

Operations: a support department that harnesses the most specialised, agile, effective and connected technological expertise, from packaging design and product development, sourcing and production through to distribution of all the Group's products. With its brands, it contributes to offering consumers worldwide the most advanced cosmetics products and services. It guarantees consumers compliance with strict standards of quality, safety, security, societal and environmental responsibility worldwide.

Packaging: all the materials which, without being part of the product itself, are sold with the product for the purposes of enabling or facilitating its protection, transportation, storage, presentation, filling and packing, identification and use by consumers.

POS: points of sale publicities.

Product with an improved environmental profile: in the case of new products, a product for which environmental improvement is measured in relation to an average of the brand's existing and comparable products; for an updated product, environmental improvement is measured and compared to the earlier product. (see subparagraph 4.3.1.3.1.).

Inclusive Sourcing programme: a programme launched in 2010 (originally named "Solidarity Sourcing") whereby L'Oréal is committed to sourcing from suppliers with an inclusive solidarity model, in other words, companies that offer employment to vulnerable workers and people in economically or socially disadvantaged communities. (see paragraph 4.3.3.6.).

Sense of purpose (raison d'être): see "Create the beauty that moves the world". (see subsection 1.1.1)

CSR: corporate social, societal and environmental responsibility (see chapter 4 in particular).

Scopes 1, 2 and 3: the categories in which greenhouse gas emissions are classified. According to the GHG Protocol, Scope 1 emissions are "direct emissions from sources owned or controlled by the reporting entity". Scope 2 emissions are "indirect emissions related to the consumption of electricity, heat or steam necessary for product processing or operating the reporting entity". Scope 3 emissions are "other indirect emissions related to product supply chain (upstream emissions) and the use of products and services during their life cycle (downstream emissions)".

***Share & Care*:** a programme created in 2013 and deployed at all our subsidiaries that offers employees a set of benefits organised around four pillars, which were enhanced in 2021 and 2023: social protection, healthcare, work/life balance and the working environment (see paragraph 4.3.2.4.).

Sharing Beauty With All: a sustainability programme launched by L'Oréal in 2013 with sustainable production, sustainable innovation, sustainable consumption and shared growth targets for 2020.

Company: the Company is the parent company, L'Oréal S.A. (see section 7.1.).

SPOT: a tool that calculates the environmental footprint of a product in accordance with the European Commission recommendation. It is based on a rigorous scientific methodology for assessing environmental impacts. SPOT has been rolled out to all Group brands (except recent acquisitions). It is an integral part of product launch processes, putting sustainable innovation at the very heart of product development. (see subparagraph 4.3.1.3.1.).

Supply chain: the process of planning, executing and monitoring all activities relating to flows of materials and information, the purchase of raw materials, the intermediate processing of the product and its delivery to the end customer.

Social selling: the practice of using social networks to find new customers and/or sell products.

Taxonomy: a framework for classifying economic activities that have a positive impact on the environment, under European Regulation 2020/852 of 18 June 2020. (see subparagraph 4.3.1.4.4.).

TCFD (Task Force on Climate Related Financial Disclosure): a working group set up by the G20 Financial Stability Board that created a system for disclosing climate-related financial information (see subparagraph 4.3.1.4.3.).

TSR: the rate of return of a share over a given period, combining dividends received and capital gains realised.

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REGISTERED CAPITAL OF
€106,945,095
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