

## L'Oréal Annual General Meeting of 21 April 2022

### Answers by the Board of Directors to written questions asked by shareholders

*On the occasion of a general meeting, written questions may be addressed to the Company under the conditions established by law. In accordance with the legislation in force, the answer to a question is deemed to have been provided as soon as it is published on the Company's website.*

**NB: The answers included in this document have been provided in compliance with Article R. 225-84 of the French Commercial Code which governs the mechanism of “questions écrites” to which French companies are subject. The Board of Directors answered the question asked by shareholders in French. This English version is issued solely for the convenience of English-speaking readers. Therefore, in case of discrepancy between this document and its French version, the French version shall prevail.**

### Questions asked by the FIR on 21 March 2022

The “Forum pour l'Investissement Responsable (FIR)” (Forum for Sustainable Investment)<sup>1</sup> is an association including several stakeholders which promotes and develops Socially Responsible Investing (SRI). It conducts a constructive dialogue with large French companies through its Dialogue and Commitment Commission, whose members manage more than 4,500 billion euros of assets.

For the third year in a row, the FIR addressed questions prepared by sectoral and thematic experts and linked to environmental, social and governance (ESG) issues to all the companies included in the CAC 40 index. The reports about the answers provided in 2020 and 2021 are available on our website and the analysis of the answers provided in 2022 will be the object of a new public report which will highlight the progress achieved.

The FIR expects that the answers provided by companies be customized and adapted to the questions asked. Exceptionally, references provided by companies to documents available on their websites may be used by the analysts if they are necessary for the correct understanding of the answer provided and if they can be perfectly found. This year, the questions we are sending you are the following:

#### Environment

1. Have you made an explicit commitment to align your income and investments (CAPEX/OPEX/R&D/mergers and acquisitions, etc.) with the target set out in the Paris Agreement, namely to limit global warming to 1.5°C?  
How do you ensure that income and investments comply with this target (please describe the methodologies used)?  
What are the main action plans and, if relevant, the associated investment amounts to achieve this target in the short, medium and long terms?
2. What percentage of your activities (expressed as sales, net banking income, etc.) depends on biodiversity?  
What do you spend to support biodiversity?
3. List the strategic natural resources necessary for your activity and/or your customers' activities (water, energy, materials, etc.).  
How do you assess and calculate the impact of the increasing scarcity of resources on your business models?

<sup>1</sup> The FIR is a French multi-stakeholder association founded in 2001 which aims at promoting and developing SRI (Socially Responsible Investment). The FIR gathers all SRI stakeholders: investors, asset managers, brokers, extra-financial rating agencies, investor advisors, trade unions, NGOs as well as academics and lawyers. Each year in autumn, the FIR organises the Sustainable Finance Week. In 2010, the FIR launched CorDial, a platform for dialogue with listed companies on sustainable development issues. Since 2020, this platform has organised the written questions campaign in the context of general meetings. Since 2005, the FIR has also awarded prizes and scholarships to the best European research work on “Finance and Sustainable Development”. Since 2010, this prize has been organised in partnership with the Principles for Responsible Investment (UNPRI). Together with the AFG – Association Française de Gestion financière – and Eurosif, the FIR is one of the sponsors of the Transparency Code for open-ended funds. This code must be adopted by funds that claim to be part of SRI, in France. The FIR is a member of the French CSR Platform (Plateforme RSE) and one of the founding members of Eurosif.

What actions do you take to tackle sourcing difficulties and grasp opportunities to develop “circular business models”?

What are your goals in this respect?

## Social

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4. What proportion of corporate officers and employees (broken down by type) are assessed on the basis of environmental and social (E&S) criteria in terms of calculating their variable remuneration (bonus, long-term remuneration, profit sharing, etc.)?  
Which governance bodies are responsible for selecting and validating these criteria?  
How do they ensure that E&S criteria are relevant, provide sufficient incentives and are correlated to targets to ensure that the Group’s social and environmental strategy is properly implemented?  
(Please specify the non-financial criteria selected for corporate officers and employees).
5. What lessons have you learned from the new ways of organizing work in response to the Covid-19 pandemic (remote working, digitalization of communication methods, increased flexibility, etc.) implemented in your company in terms of their impacts on working conditions?  
How is your Human Resources strategy now incorporating these new ways of working?  
What social dialogue has been conducted in this respect (agreements, shared thinking on the future of work, etc.) across all parts of your business and the areas in which it operates?
6. In order to assess progress from one year to the next, we are again asking the question asked in 2021, to which we did not receive a satisfactory response. Do you have a definition of a “living wage” which goes beyond the local minimum wage required by law? If so, what is it?  
How do you ensure your employees and your suppliers’ employees are paid a living wage?
7. In France, apart from investments in your company’s shares, what proportion of employee savings funds has been labelled as responsible (ISR, Greenfin, CIES or Finansol labels)?  
How do you explain the remaining of non-responsible funds in the absence of any difference in profitability and given that Paris is a leading financial centre in this respect?  
In other countries in which you operate, do your employee savings schemes (retirement and others) also include ESG criteria?  
How does the Board of Directors or Supervisory Board encourage subscription in these kinds of employee savings funds?

## Governance

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8. Do you publish a charter detailing your commitments in terms of tax responsibility? If so, how is tax responsibility incorporated more generally into your social responsibility commitments?  
Does the board review and approve this charter? Do you report annually on the application of the principles of this charter in a tax responsibility report?  
Does this report detail the taxes paid on a country-by-country basis?
9. Do you publish a responsible lobbying\* charter?  
Are you members of professional associations with certain positions that are controversial in terms of the public interest? If so, what actions do you implement to change these associations’ positions?  
What consolidated (i.e. across the whole geographical area in which you operate) means (human and financial) do you allocate to the representation of interests?

*\* “Lobbying – or the representation of interests – plays an increasingly important role in the development of public policy. The concerned organizations (businesses, professional organizations, associations, public stakeholders, etc.) allocate significant amounts of time and money to it. If it is carried out with integrity and its use is clear and transparent, lobbying can play a positive role and help provide public policymakers with information and analyses to support their thinking. Conversely, unregulated lobbying can result in abuse, the result of which is decision-making that pays more attention to particular private interests than the public interest.” (Transparency International).*

10. The French law on corporate duty of vigilance provides for the establishment of a vigilance plan in conjunction with the company’s stakeholders, including its social partners. Furthermore, one of the measures in the plan involves the implementation of a whistleblowing mechanism relating to the existence or occurrence of risks,

developed in consultation with the representative trade unions. The organizations are familiar with the reality on the ground and have the capacity to warn the company and provide valuable information for the exercise of its duty of vigilance.

How does your Group involve its social partners – at the local and global levels – in the various stages of developing, updating and implementing its vigilance plan?

What resources does the Group provide to help them carry out these duties?

How are social partners involved in the reporting of the effective implementation of the vigilance plan?

## Answers by the L'Oréal Board of Directors

### Environment

- 1. Have you made an explicit commitment to align your income and investments (CAPEX/OPEX/R&D/mergers and acquisitions, etc.) with the target set out in the Paris Agreement, namely to limit global warming to 1.5°C? How do you ensure that income and investments comply with this target (please describe the methodologies used)? What are the main action plans and, if relevant, the associated investment amounts to achieve this target in the short, medium and long terms?**

For several years, L'Oréal has implemented a fundamental transformation of all areas of its business model to adapt to the major changes taking place in the world. Sustainable development is a key pillar of this transformation and a strategic priority for all our teams. L'Oréal firmly believes that sustainable development is a key lever for long-term success and sustainability and implements an ambitious social, societal and environmental policy that is shared by both its management and employees.

The Group has allocated important financial and human resources to implement its sustainable development policies (first Sharing Beauty With All and now L'Oréal for the Future) for many years and has thus aligned its income and investments with the Paris Agreement on Climate Change. L'Oréal does not provide detailed figures on this topic, except for information published under the EU Taxonomy.

### EU Taxonomy

The Group has not identified any sales eligible for the EU Taxonomy.

For the first two objectives – climate change mitigation and adaptation – applicable from financial year 2021, the European Commission has prioritized areas of activity that make a major contribution to greenhouse gas emissions across the European Union. L'Oréal's sole business is beauty; as a result, its activities are not deemed, within the meaning of the EU Taxonomy, as making a substantial contribution to the primary climate targets and the sector in which it operates is not targeted as a priority.

The only eligible investments published refer mainly to long-term lease agreements of buildings (Activity 7.7. of the Delegated Act<sup>2</sup>), as defined by IFRS 16 but without an analysis of the technical criteria, and building construction and renovation costs aimed at improving energy efficiency and reducing greenhouse gas emissions. Eligible investments amount to 404.8 million euros (including 374.8 million euros related to long-term lease agreements of buildings without an analysis of technical criteria), compared with total investments of 1,971.1 million euros as defined by the Taxonomy Regulation.

### Commitment to Science-Based Targets

In 2015, L'Oréal committed to defining long-term Science-Based Targets (SBT) in order to reduce greenhouse gas emissions along the whole of its value chain, in accordance with the Paris Agreement on the climate.

The SBT initiative approved the Group's proposal in December 2017. As a result, L'Oréal is committed to reducing Scope 1, 2 and 3 greenhouse gas emissions by 25% in absolute terms by 2030 (including full coverage of the items listed under Scope 3, according to the GHG Protocol), compared with the reference year of 2016. In particular, the Group is committed to reducing greenhouse gas emissions from all the sites it operated by 100% by 2025, through a combination of energy efficiency and using only renewable energy sources.

These commitments were reassessed by the SBT Initiative for Scopes 1 and 2 in 2019 and deemed to be compliant with the new 1.5°C SBT criteria.

<sup>2</sup> Delegated Act of 6 July 2021 and its appendices supplementing Regulation (EU) 2020/852, specifying how to calculate the performance indicators as well as the narrative information to be published.

Road maps have been deployed in the various business units (packaging, Research, sourcing, supply chain, etc.) so that each of them contributes to reducing Scope 1, 2 and 3 CO2 emissions. A detailed monitoring programme has been initiated, allowing each of the business units concerned to track their own performance.

### **L'Oréal for the Future & Climate commitments**

L'Oréal's overall objective in terms of climate change is to align its greenhouse gas emissions with the +1.5°C scenario, reduce all greenhouse gas emissions (under scopes 1, 2 and 3) per finished product by 50% by 2030 and become a Net Zero company by 2050. To achieve this objective, the Group has set quantitative targets for each stage of its value chain.

- L'Oréal has committed to achieving carbon neutrality at all its sites by 2025, by improving energy efficiency and using 100% renewable sources.
- By 2030, L'Oréal will innovate to enable its consumers to reduce greenhouse gas emissions resulting from the use of its products by 25% in average per finished product compared with 2016.
- By 2030, L'Oréal will reduce greenhouse gas emissions resulting from transporting its products by 50% in average per finished product compared with 2016.
- By 2030, L'Oréal's strategic suppliers will reduce their direct greenhouse gas emissions (scopes 1 and 2) by 50% in absolute terms compared with 2016.

At the end of 2021, 100 Group sites (58%) had achieved carbon neutrality. It should also be noted that the Group has reduced its CO2 emissions by 35% since 2019 (scopes 1 & 2 of its industrial sites), and 87% since 2005.

### **2. What percentage of your activities (expressed as sales, net banking income, etc.) depends on biodiversity? What do you spend to support biodiversity?**

The Group is pursuing its longstanding commitments to ensuring its activities remain within the planetary boundaries in the context of its new sustainable development programme, L'Oréal for the Future, announced in June 2020. The new targets have been defined in order to guarantee the sustainability of its activities and reconcile the Group's needs with the protection of the planet and its limited resources. The Group has allocated important financial and human resources for many years, since protecting resources has been a historic commitment for the Group at every stage of the product life cycle, from creation to use by consumers. These ongoing efforts are an integral part of the Group's strategic plans. L'Oréal does not provide detailed figures on this topic.

The Group renewed its commitment in favour of protection and regeneration of biodiversity through its L'Oréal for the Future programme. This commitment is included in the new 2030 Forest Policy. This policy, published in 2021, continues the efforts already undertaken in terms of traceability and sustainable certification of palm oil and its derivatives, of soya, paper and cardboard. It also goes further, by taking into account more raw materials and strengthening its goals, both on the sustainable management of supply chains in terms of protection of the environment and respect of Human Rights and on protection and rehabilitation of natural ecosystems located close to production areas. In this respect, 10 additional million euros will be allocated to financing forest protection projects, as close as possible to the Group's supply areas, as part of the activities of the L'Oréal Fund for Nature Regeneration.

### **Fund for Nature Regeneration**

In 2020, L'Oréal created the L'Oréal Fund for Nature Regeneration, as part of its commitment to protecting biodiversity and to further its efforts to reduce the impacts of its value chain. This is a 50-million-euro impact investment fund managed by Mirova and it is designed to offer both a financial return and social and environmental value creation. The Fund for Nature Regeneration is a fund with a sustainable investment objective as defined by the Sustainable Finance Disclosure Regulation (Article 9). The L'Oréal Fund for Nature Regeneration aims at helping the protection or restoration of a million hectares of ecosystems, capturing 15 to 20 million tons of CO2 and creating thousands of jobs by 2030, by supporting projects to restore degraded soils, regenerate mangroves and restore marine areas and forests. Over 100 projects have been analysed to develop the investment portfolio since the Fund was created. Fifteen projects have been selected for further analysis, and four investments have been initiated, representing a total amount of over 2 million euros. In October 2021, for example, the L'Oréal Fund for Nature Regeneration invested in The Real Wild Estates Company (RWE). Based in the county of Somerset in the United Kingdom, the company is implementing the first major rewilding project led by the private sector and plans to restore 50,000 hectares of degraded habitat throughout the country, and create up to 1,000 direct jobs.

In addition to investments by the L'Oréal Fund for Nature Regeneration, by the end of 2021:

- 94% of the ingredients used in bio-based formulas were traceable and derived from sustainable sources;

- 60% of the ingredients for formulas will be bio-based, derived from abundant minerals or from circular processes;
- 21% of the Group's plastic packaging came from recycled or bio-based sources;
- the Group had reduced the quantity of packaging used for products by 3% in terms of intensity compared with 2019;
- 91% of promotional display stands in sales outlets were eco-designed; and
- 32% of new or renovated stores (directly owned outlets) were designed and built in accordance with L'Oréal's sustainable development principles.

As part of its commitments, the Group has taken the innovative step – with the support of the expert firm The Biodiversity Consultancy – of measuring the impact of its industrial and sourcing activities on natural ecosystems.

This new indicator is based on three parameters (the area of land required, the loss of biodiversity associated with the activity and the importance of biodiversity in the ecosystem concerned) and found that the biodiversity footprint associated with the sourcing of plant-based ingredients represented over 80% of the overall impact.

L'Oréal has therefore committed to keeping its impact on ecosystems needed for the production of its plant-based ingredients stable by 2030 compared with 2019.

The levers identified to achieve this target include:

- the adoption of regenerative agricultural practices by suppliers, in order to improve yields, protect biodiversity and support farmers as they transition to a more sustainable model of agriculture;
- implementing an ambitious plan to develop alternatives to the raw materials that have the highest impact, in particular through the use of biotechnologies and circular processes, as part of the Green Sciences programme; and
- supporting rehabilitation projects adjacent to strategic supply chains.

At the same time, L'Oréal keeps on working on the various approaches and methodologies to evaluate the impacts of its activities on biodiversity being developed in France and internationally, by participating, for example, in the work of the Science Based Targets on Nature network's Corporate Engagement Program, the B4B+ (Business for Positive Biodiversity) club, the environmental protection organization CDC Biodiversity and the One Planet Business for Biodiversity (OP2B) group of companies.

### **"Zero Deforestation" policy**

Under its "Zero Deforestation" policy published in 2014, the Group made a commitment that none of the ingredients and raw materials used in its products would be linked to deforestation by 2020 at the latest. Since 2007, L'Oréal has implemented action plans to guarantee sustainable sourcing of agricultural raw materials likely to cause deforestation, such as palm oil, soya oil and wood-fibre based products.

In 2021, L'Oréal consumed 310 tons of palm oil and 90,003 tons of palm oil derivatives (from the pulp of the fruit of the oil palm) and palm kernel oil (extracted from the kernel of the fruit):

- 100% of purchases of palm oil, and palm oil and palm kernel derivatives have been certified as sustainable according to the Roundtable on Sustainable Palm Oil (RSPO) criteria ([www.rspo.org](http://www.rspo.org)) since 2012; and
- 94% of the main derivatives come from sources that are identified (as far as mills).

### **Palm oil & derivatives**

In terms of certification, 100% of the volume of palm oil used by L'Oréal complies with the standards and procedures of the RSPO, based on its SG (Segregated) model, which is one of its most demanding traceability model. 100% of the derivatives used are also certified.

L'Oréal has increased the share of its purchases that are physically certified to achieve 98.4% RSPO Mass Balance at the end of 2021, compared with 95% in 2020 and 70% in 2019. The remainder is covered by the RSPO Book & Claim model.

### **Soya oil & derivatives**

In 2021, L'Oréal consumed 354 tonnes of soybean extract and 2,502 tonnes of soybean extract derivatives. In 2021, 100% of the soybean extract used by L'Oréal and coming from Latin America is from a land project certified RTRS, Bio and Fair For Life, aimed at supporting 36 small soybean producers in Brazil and Paraguay, or from certified sources (IP – Identity Preserved Proterra).

### **Wood fibre-based products**

Regarding the materials used by L'Oréal for its packaging, the paper used for product information leaflets and the cardboard used for cartons come from sustainably managed forests (Forest Stewardship Council – FSC or Programme for the Endorsement of Forest Certification – PEFC certification).

In 2021, 100% of the paper used for product leaflets and 99.9% of the cardboard used for folding boxes for finished goods were certified as coming from sustainably managed forests.

In 2021, conscious of the increasingly critical threat that keeps on hanging over forests around the world and the social and environmental consequences of deforestation, L'Oréal renewed its ambitions as part of its new 2030 Forest Policy, following a process of consultation with its stakeholders. Capitalizing on its previous achievements regarding palm, soya and wood fibre, the new 2030 Forest Policy covers a broader area of raw materials, prioritized according to their strategic interest and the social and environmental risks observed in their production areas. This policy is based on both sustainable, responsible, end-to-end management of supply chains and the protection and rehabilitation of natural ecosystems adjacent to production areas, and forms part of the Group's sustainable sourcing strategy for ingredients, and defines as well specific new targets for these raw materials. Apart from the environmental aspect, respect for Human Rights and improvement of the living conditions of the communities concerned lie at the heart of the 2030 Forest Policy.

### **3. List the strategic natural resources necessary for your activity and/or your customers' activities (water, energy, materials, etc.). How do you assess and calculate the impact of the increasing scarcity of resources on your business models? What actions do you take to tackle sourcing difficulties and grasp opportunities to develop "circular business models"? What are your goals in this respect?**

L'Oréal has set itself an ambitious target in terms of fight against climate change and protection of natural resources in carrying out its activities. Every effort has been made to achieve this at the sites at which it operates and at every stage of its value chain, from identifying renewable ingredients to sustainable sourcing of raw materials and product transport, consumption and end of life. L'Oréal is also committed to a continuous process of reducing the impact of its products throughout their life cycle.

To develop its new road map for 2030, L'Oréal relies on the concept of "planetary boundaries" approved by the United Nations and the international scientific community. L'Oréal decided to adopt an approach similar to Science Based Targets to define its goals in terms of sustainable management of water, protection of biodiversity and preservation of natural resources. They have all been set in line with the demands of scientific experts and the needs of the planet.

### **Sourcing risks**

The Group's constant concern around its sourcing of raw materials is to guarantee the sustainability of resources, in addition to quality considerations. L'Oréal's consumption of natural resources must be monitored and measured, thanks to the development of recycling solutions and ways of supporting the development of the circular economy.

As with any business, the Group's activities are exposed to the physical and transitional risks associated with climate change. The increase in extreme or chronic natural risks, biodiversity loss and the increase in pressure on water resources could impact the availability of finished products by disrupting the Group's operations and Supply Chain. The scarcity of resources and the start of the transition towards a low-carbon economy could also increase production costs.

The Group therefore prioritizes the use of renewable raw materials and ensures they are responsibly sourced. Accordingly, L'Oréal has adopted the principles of green chemistry to promote the use of renewable raw materials, design products that help to reduce waste and protect the water cycle. Green chemistry has become a catalyst for L'Oréal's sustainable innovation policy for more than 10 years. The increasing use of plant-based ingredients not only carries risks in terms of sourcing associated with the consequences of climate change (availability and price) but may also produce environmental consequences as a result of cultivating the plants from which these ingredients are derived (such as deforestation, impoverishment of soils or consequences for biodiversity).

L'Oréal regularly revises its inventory policies, reserves capacities with its suppliers and negotiates long-term contracts. Likewise, 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 supply chain disruption and ensure a timely business continuity. L'Oréal also looks for alternative sourcing of its raw materials, duplicates packaging 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.

The portfolio of raw materials of renewable origin consisted of 1,717 raw materials derived from almost 313 botanical species, from over 100 countries. The Group has also set up a Green Sciences programme to drive change in its portfolio of raw materials and formulas. This is achieved through the development of ingredients with a favourable environmental profile, by minimising environmental impacts and using eco-friendly processing methods. Therefore, with regards to raw materials, the Group promotes green chemistry principles which encourage the development of ingredients with a favourable environmental profile made from plant raw materials, which minimise the number of synthesis stages, the consumption of non-toxic solvents and energy, and the production of by-products.

### **Circular Innovation Fund**

L'Oréal has decided to create a global investment fund dedicated to the circular economy, called the Circular Innovation Fund (CIF).

This fund, managed jointly by two management companies of different nationalities (Cycle Capital Management and Demeter) to emphasize its international nature, will bring together several joint investors and will ultimately receive a total estimated funding of between 150 and 200 million euros. It aims at funding innovative businesses in the sector of recycling, management of plastic waste and materials derived from biochemistry. The CIF is a fund with a sustainable investment objective as defined by the Sustainable Finance Disclosure Regulation (Article 9).

It was created in 2021 and will build and deploy its investment portfolio from 2022 onwards. As the main sponsor of the Circular Innovation Fund, L'Oréal will invest 50 million euros in this fund.

### **Social**

- 4. What proportion of corporate officers and employees (broken down by type) are assessed on the basis of environmental and social (E&S) criteria in terms of calculating their variable remuneration (bonus, long-term remuneration, profit sharing, etc.)? Which governance bodies are responsible for selecting and validating these criteria? How do they ensure that E&S criteria are relevant, provide sufficient incentives and are correlated to targets to ensure that the Group's social and environmental strategy is properly implemented? (Please specify the non-financial criteria selected for corporate officers and employees)**

L'Oréal's remuneration policy aims at contributing to the achievement of the Group's objectives and is an integral part of its development strategy. The Group is committed to attracting and retaining talented employees, offering motivating career paths and encouraging its employees' performance and commitment, while supporting change in its various sectors and the business as a whole. L'Oréal believes that financial and non-financial performance go hand in hand and that one enhances the other.

Given that sustainable development is a strategic transformation that must be supported by all teams, the variable remunerations of the Chief Executive Officer and employees eligible for a bonus include environmental and social objectives.

### **Annual variable remuneration**

#### **Regarding corporate officers:**

The Board of Directors has decided to include non-financial criteria in the Chief Executive Officer's annual variable remuneration since 2014. It is therefore based on precise financial and extra-financial assessment and performance criteria. **40% of the annual variable remuneration is based on extra-financial and qualitative criteria**, of which:

- 10% are linked to the progress of the L'Oréal for the Future programme,
- 7.5% are linked to the implementation of the Human Relations policy, with a particular focus on gender parity in management bodies, and
- 7.5% are linked to the digital development policy.

The L'Oréal for the Future criteria cover all aspects of this ambitious business transformation programme, based on the programme's performance indicators:

- Transformation of the Group's activity (for example, aim that all Group products be eco-designed by 2030);
- Fighting climate change (for example, carbon neutrality for all Group sites by 2025);
- Managing water sustainably;
- Respecting biodiversity;
- Preserving natural resources; and
- Empowering our ecosystem in its transformation.



More details regarding these indicators can be found in the 2021 Universal Registration Document<sup>3</sup>.

**Regarding the employees:**

In 2016, non-financial targets were incorporated into the variable remuneration for top management, including managers of international brands and country managers. Targets for the latter were set in light of local or operational issues specific to their area in order to contribute to the Group's sustainable development ambitions.

**In 2021, 90 people** were subject to the inclusion of non-financial (corporate social responsibility – CSR) criteria for 20% of the quantitative portion of their bonus.

**From financial year 2022, all employees eligible for a bonus** (around 15,000 people) will be subject to these criteria.

**Long-term variable remuneration**

In addition, L'Oréal has implemented long-term remuneration plans for its employees and corporate officers in an international context, in the form of an allocation of performance shares.

In the context of the 19th resolution proposed to the Annual General Meeting of 21 April 2022, the Board of Directors decided, during its meeting on 9 February 2022 – on the recommendation of the Human Resources and Remuneration Committee – that it should be possible to incorporate extra-financial performance criteria into conditional share allocation plans for employees and corporate officers, in addition to financial performance criteria, to bring them in line with L'Oréal's strategy according to which economic and social performance go hand in hand.

Subject to the vote on the 19th resolution at the General Meeting, the collective performance conditions for conditional share allocation plans (ACAs) will, from 2022, incorporate an extra-financial criterion for 20%, 15% of which will be based on targets of the L'Oréal for the Future programme and 5% on the gender balance in the Group's strategic posts; the proportion of the least-represented gender cannot fall below a minimum threshold of 40%. The two extra-financial criteria added would therefore be consistent and in line with L'Oréal's strategy.

These new provisions will be applicable to **all beneficiaries of ACAs, i.e. around 2,000 employees, and to the Chief Executive Officer**, according to the remuneration policy proposed to the Annual General Meeting of 21 April 2022 as part of the 15th resolution.

**The Board of Directors** sets the remuneration policy for corporate officers, including the environmental, social and governance (ESG) criteria taken into account in the various elements of the remuneration package as detailed previously. This policy is based on the work of the Human Resources and Remuneration Committee, which is based on the work made by General Management and in particular by the Corporate and Social Responsibility, Human Relations and Administration and Finance departments.

The Human Relations policy, including the Group's remuneration policy, is the responsibility of **General Management**. It is presented to the Board of Directors on an annual basis.

These policies are designed to encourage a balanced, long-term and sustainable growth. They are continuously reviewed to ensure they are in line with L'Oréal's strategy, and in particular its environmental, social and societal commitment.

**5. What lessons have you learned from the new ways of organizing work in response to the Covid-19 pandemic (remote working, digitalization of communication methods, increased flexibility, etc.) implemented in your company in terms of their impacts on working conditions? How is your Human Resources strategy now incorporating these new ways of working? What social dialogue has been conducted in this respect (agreements, shared thinking on the future of work, etc.) across all parts of your business and the areas in which it operates?**

L'Oréal believes that flexibility at work is a key element in attractiveness.

The third stage of the L'Oréal Share & Care programme, which was launched in 2021, took into account the new ways of working in response to the Covid-19 health crisis and strengthened flexible working with the implementation of a global hybrid working policy, which strengthens the local policies in this respect, already in effect in most subsidiaries. In 2021, this new policy was implemented in all Group subsidiaries, where this was compatible with the local health situation.

This policy provides for up to two days' remote working per week for eligible employees on a voluntary basis, in agreement with the line manager and in accordance with team organisation. It represents a choice of balance between flexibility, maintaining individual commitment and working effectively together while respecting the

<sup>3</sup> [https://www.loreal-finance.com/system/files/2022-03/LOREAL\\_2021\\_Universal\\_Registration\\_Document\\_en\\_0.pdf](https://www.loreal-finance.com/system/files/2022-03/LOREAL_2021_Universal_Registration_Document_en_0.pdf), page 100.



Group's culture, which has always prioritized contact between individuals, the ability to share ideas with others and a friendly working environment.

In addition, e-learning modules on remote working were developed and made available from the start of the Covid-19 health crisis in 2020, to provide the best support possible for employees who were eligible for remote working. "Best of both worlds" workshops were run so that managers can organize new hybrid collective working methods to get the best out of his organization.

Each year, L'Oréal's Human Relations policy is presented to the Board of Directors by the Chief Human Relations Officer. During the last presentation, in October 2021, he emphasized, in particular, the various challenges presented by new ways of working in response to the Covid-19 pandemic.

The use of online meetings is now part of the new normal. However, the Group has also retained in-person and hybrid meetings, depending on the type of meeting, its objectives and the availability and geographical location of the participants, in strict compliance with the health measures in effect.

The introduction of remote working was agreed with social partners in France and consultations were also carried out in other countries, in accordance with local requirements and practices, taking into account all Group business segments and functions that are compatible with this way of working.

The issue was also discussed within L'Oréal's *Instance Européenne de Dialogue Social*/European Works Council (IEDS/EWC) during plenary meetings in 2020 and 2021. These meetings were held digitally, to ensure that dialogue could continue in spite of the Covid-19 health crisis.

**6. In order to assess progress from one year to the next, we are again asking the question asked in 2021, to which we did not receive a satisfactory response. Do you have a definition of a "living wage" which goes beyond the local minimum wage required by law? If so, what is it? How do you ensure your employees and your suppliers' employees are paid a living wage?**

Yes, L'Oréal has a definition of a "living wage" that goes beyond the local minimum wage required by law. L'Oréal has made a commitment on this topic in its Employee Human Rights Policy: "*we ensure that all employees receive at least [...] a living wage covering their basic needs and calculated in line with best practices*" (Human Rights policy available at: <https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/employee-human-right-policy.pdf>).

L'Oréal works with its partner, the Fair Wage Network (<https://fair-wage.com/>) to establish and update the "living wage" for each country. This is a well-established organization with a comprehensive "Living Wage" database covering 200 countries, which is updated annually. L'Oréal works with the Fair Wage Network to apply the most rigorous standards in terms of calculation, taking the average family size and the number of average incomes per family into account in each country. This provides a "living wage" that is appropriate to each country's actual living conditions.

The "living wages" are compared with employees' fixed wages, therefore excluding any non-guaranteed variable portion (bonuses, profit sharing, etc.) every year and in each country, to check that they are being applied in practice. This is formally done through the Group's HR reporting. The indicator "Number of permanent contracts with a fixed salary below the living wage" is included in the audit of L'Oréal's consolidated declaration of extra-financial performance (the audit is carried out by an independent third party – *Organisme Tiers Indépendant* – whose report was published in the 2021 Universal Registration Document<sup>4</sup>).

L'Oréal has made a commitment through its L'Oréal for the Future programme that 100% of the Group's strategic suppliers will pay a living wage to their employees, calculated in accordance with best practices, by 2030. L'Oréal's Responsible Sourcing team have worked with human rights experts and their external partner, the Fair Wage Network, to create training tools for buyers and suppliers, and develop a strategy to ensure the deployment of a living wage scheme among L'Oréal suppliers.

L'Oréal's ambition is to implement the necessary means to support its strategic suppliers in implementing a living wage strategy. The preferred approach at the moment, in order to avoid any negative impact on employment, is to support suppliers step-by-step along this trajectory, by asking them to commit to carrying out an analysis of potential wage differences, and to implement action plans and appropriate remedial solutions if necessary. Pilots will be implemented in this respect with some of the Group's strategic suppliers with the help of the Fair Wage Network, to assess any difficulties encountered in relation to the implementation of the policy, and suggest solutions.

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<sup>4</sup> [https://www.loreal-finance.com/system/files/2022-03/LOREAL\\_2021\\_Universal\\_Registration\\_Document\\_en\\_0.pdf](https://www.loreal-finance.com/system/files/2022-03/LOREAL_2021_Universal_Registration_Document_en_0.pdf), page 274.

The Letter of Mutual Ethical Commitment is aimed at all L'Oréal suppliers. The L'Oréal for the Future commitment on a living wage by 2030 targets strategic suppliers, who represent around 60% of the Group's spending on procurement.

L'Oréal is also taking collective action with key stakeholders in this area, for example by urging the Ecovadis platform to assess the suppliers concerned about the living wage.

**7. In France, apart from investments in your company's shares, what proportion of employee savings funds has been labelled as responsible (ISR, Greenfin, CIES or Finansol labels)? How do you explain the remaining of non-responsible funds in the absence of any difference in profitability and given that Paris is a leading financial centre in this respect? In other countries in which you operate, do your employee savings schemes (retirement and others) also include ESG criteria? How does the Board of Directors or Supervisory Board encourage subscription in these kinds of employee savings funds?**

L'Oréal has taken steps towards ISR labelling for the majority of its schemes, and the process was initiated in 2021. Six employee savings funds are available (apart from employee share ownership), including 55% of assets invested in funds that are fully invested in ISR-labelled funds, representing 432 million euros as of 28 February 2022. Employees can, for instance, invest in the Jupiter Monétaire fund of funds, which itself invests in four labelled funds: Amundi Euro Liquidity SRI, Amundi Euro Liquidity Rated SRI, BFT Aureus ISR and CPR Monétaire ISR.

It should be noted that in 2021, apart from these schemes:

- Total employee profit-sharing programmes amounted to 352 million euros distributed to employees;
- Over 3,600 employees were involved in the conditional grant of shares to employees;
- The 2020 employee shareholding plan participation rate was 35%; and
- Complementary pension plans are in place in 88% of the countries where L'Oréal operates with its employees.

The Board of Directors is the body which defines the strategic orientations and monitors their implementation. The Board takes careful note of the Group's Human Relations policy, which is presented to Directors annually by the Chief Human Relations Officer. One of the objectives of this policy is to offer a motivating, competitive remuneration package to employees.

The presentation for the last financial year took place in October 2021.

More information about L'Oréal's Human Relations policy can be found in paragraph 4.3.2 of the 2021 Universal Registration Document<sup>5</sup>.

## **Governance**

**8. Do you publish a charter detailing your commitments in terms of tax responsibility? If so, how is tax responsibility incorporated more generally into your social responsibility commitments? Does the board review and approve this charter? Do you report annually on the application of the principles of this charter in a tax responsibility report? Does this report detail the taxes paid on a country-by-country basis?**

L'Oréal considers that the contribution of taxation is an integral part of its social, environmental and societal responsibility and constitute a way to participate positively to the development of the countries in which the Group operates.

The Group publishes its tax policy in the Universal Registration Document, which includes, in particular, the management report approved by the Board of Directors (paragraph 4.3.5 of the 2021 Universal Registration Document<sup>6</sup>).

The L'Oréal Group's tax policy forms part of the sustainable development of its business and is based on three pillars: Compliance, Transparency and Legitimacy, as defined in the Internal Tax Charter prepared and distributed around the world. These principles are reflected in practice in the self-assessment questionnaire of internal control.

One of the Audit Committee's key roles is to review the annual and consolidated financial statements, of which tax matters form an integral part. For instance, the geographical distribution of taxes in 2021 and the reform of international taxation were presented to the Audit Committee, which then reported to the Board.

The distribution of taxes by country is subject to a highly detailed tax declaration submitted to the French tax authorities, which may then share this information with their foreign counterparts. The Group declares and pays its taxes in each of the countries in which it operates and provides tax reporting in France.

<sup>5</sup> [https://www.loreal-finance.com/system/files/2022-03/LOREAL\\_2021\\_Universal\\_Registration\\_Document\\_en\\_0.pdf](https://www.loreal-finance.com/system/files/2022-03/LOREAL_2021_Universal_Registration_Document_en_0.pdf), pages 228 to 246.

<sup>6</sup> [https://www.loreal-finance.com/system/files/2022-03/LOREAL\\_2021\\_Universal\\_Registration\\_Document\\_en\\_0.pdf](https://www.loreal-finance.com/system/files/2022-03/LOREAL_2021_Universal_Registration_Document_en_0.pdf), pages 255 to 257.

Corporate tax in EU member States and non-European countries, and operational taxes split in the same way, are detailed in the 2021 Universal Registration Document: in total, L'Oréal paid 2 billion euros to national and local administrations in 2021<sup>7</sup>.

9. **Do you publish a responsible lobbying\* charter? Are you members of professional associations with certain positions that are controversial in terms of the public interest? If so, what actions do you implement to change these associations' positions? What consolidated (i.e. across the whole geographical area in which you operate) means (human and financial) do you allocate to the representation of interests?**

*\* "Lobbying – or the representation of interests – plays an increasingly important role in the development of public policy. The concerned organizations (businesses, professional organizations, associations, public stakeholders, etc.) allocate significant amounts of time and money to it. If it is carried out with integrity and its use is clear and transparent, lobbying can play a positive role and help provide public policymakers with information and analyses to support their thinking. Conversely, unregulated lobbying can result in abuse, the result of which is decision-making that pays more attention to particular private interests than the public interest." (Transparency International)*

Integrity and Transparency are two of L'Oréal's Ethical Principles. Under its Code of Ethics<sup>8</sup>, L'Oréal has therefore decided to explain its commitments in terms of ethical lobbying and how they are implemented.

They have been published in its Responsible Lobbying policy, which applies to all the geographical areas in which the Group operates. In particular, these commitments include the following principles of action: inform your line manager in the event of an actual or potential conflict of interests, only distribute reliable, verifiable, updated information or arguments and be registered with lobbyists or representatives of particular interests in accordance with the regulations in force. This policy, which is approved by General Management and the Executive Committee and presented to the Board of Directors, can be regularly updated to reflect the implementation of a progressive process.

L'Oréal is keen to publicize commitments that reflect its sincere and transparent actions, in line with its global approach to ethical conduct. Its Responsible Lobbying policy is available at [www.loreal.com](http://www.loreal.com).

Some countries do not have a general framework that regulates how the representatives of particular interests can contribute to the public debate, prompting some companies, including L'Oréal, to voluntarily promote their own Responsible Lobbying policy to as many people as possible.

L'Oréal has also signed the Joint Declaration on lobbying for companies members of Transparency International France.

### **Professional associations**

L'Oréal ensures that all the professional associations of which it is a member comply with their legal obligations in terms of transparency of their activities in representing particular interests. In countries without a legal framework governing the representation of interests, L'Oréal promotes virtuous transparency and responsible lobbying practices, and will not take part in activities representing particular interests led by professional associations that support positions that are explicitly contrary to the public interest.

L'Oréal provides expertise to support the work of the professional associations of which it is a member. It reserves the right to express its views if it does not share the positions taken by these associations.

L'Oréal believes that all stakeholders, including professional associations and businesses, have a key role to play in pursuing the public interest, by providing the public authorities with information and analyses aimed at supporting public policymakers' work and benefiting the whole of society. In order to avoid any wrongdoing in the representation of interests, L'Oréal supports the regulation of such practices by the public authorities based on principles of transparency and responsible lobbying, to promote virtuous and productive dialogue between private actors and the authorities.

### **Resources allocated to the representation of interests**

The International Public Affairs department is responsible for coordinating the road map for the Group's public affairs.

<sup>7</sup> [https://www.loreal-finance.com/system/files/2022-03/LOREAL\\_2021\\_Universal\\_Registration\\_Document\\_en\\_0.pdf](https://www.loreal-finance.com/system/files/2022-03/LOREAL_2021_Universal_Registration_Document_en_0.pdf), page 257.

<sup>8</sup> The Group's Code of Ethics is available at the following link: <https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/2-group/news-and-documentation/publications/code-of-ethics/codeofethicsenglish.pdf>.

In France, L'Oréal submits every year the details of its activities involving the representation of interests and the financial and human resources allocated to them to the French High Authority for Transparency in Public Life (*Haute Autorité de Transparence de la Vie Publique* – HATVP).

The L'Oréal Group uses the methodology set out in the HATVP's Guidelines to determine the resources allocated to the representation of interests; such guidelines detail the list of expenses that must be included in the declaration:

- remuneration costs for people responsible for representation of interests activities;
- event organization costs;
- expertise costs;
- gifts and benefits given to public officials;
- costs of services from consultancies or law firms; and
- contributions to professional organizations.

In 2021, L'Oréal recorded consolidated resources on the register of transparency in public life in France allocated to the representation of interests of between 500,000 and 600,000 euros, including human resources equivalent to 50% of the time of three full-time staff.

In 2021, L'Oréal recorded resources on the European Transparency Register allocated to the representation of interests of between 400,000 and 500,000 euros, including human resources equivalent to 25% of the time of four full-time staff.

**10. The French law on corporate duty of vigilance provides for the establishment of a vigilance plan in conjunction with the company's stakeholders, including its social partners. Furthermore, one of the measures in the plan involves the implementation of a whistleblowing mechanism relating to the existence or occurrence of risks, developed in consultation with the representative trade unions. The organizations are familiar with the reality on the ground and have the capacity to warn the company and provide valuable information for the exercise of its duty of vigilance. How does your Group involve its social partners – at the local and global levels – in the various stages of developing, updating and implementing its vigilance plan. What resources does the Group provide to help them carry out these duties? How are social partners involved in the reporting of the effective implementation of the vigilance plan?**

L'Oréal's Vigilance Plan has been presented to internal stakeholders, in particular to employee representatives in the context of the Group's European Social Dialogue Council (*Instance Européenne de Dialogue Social* – IEDS), a body that represents employees at the European level created in 1996 and which, among other things, appoints a Director representing employees. The IEDS covers around 30,000 employees from 25 States members of the European Economic Area and from the United Kingdom, and its meetings consider the Group's current situation and future prospects. This presentation of the Vigilance Plan to the IEDS provided an opportunity to share views with social partners at the European level on the reasonable vigilance measures taken by L'Oréal to prevent risks of serious adverse impact on Human Rights and Fundamental Freedoms, health, safety and environment. Members of the IEDS were made aware of the intense efforts made by the Group in this respect, while acknowledging the scale of the situations to be considered and the stakes associated with the matter of communicating information provided by suppliers.

L'Oréal's Vigilance Plan is part of a process of continuous improvement at every stage of its development, update and implementation.

The whistleblowing mechanism set out in the Vigilance Plan is based on L'Oréal's "Speak up" policy, which is open to all employees, including social partners, as well as external stakeholders. Ethical concerns can be reported through a secure website. Reports can also be submitted to L'Oréal's Chief Ethics, Risks and Compliance Officer.

L'Oréal carefully considers any comments or suggestions made by its stakeholders, especially its social partners, and always aims at engaging in high-quality social dialogue.

With regard to reporting on the effective implementation of the Vigilance Plan, it is detailed in the Board of Directors' management report, which includes the Vigilance Plan, and is published in L'Oréal's Universal Registration Document.

This report is presented annually to L'Oréal's Central Social and Economic Committee (*Comité Social et Économique Central*), which therefore has the opportunity to express its view on the implementation of the Vigilance Plan and can, in particular, appoint an expert to support this analysis. This Committee did not have any particular comments to make in this respect in 2021.

The updated Vigilance Plan is presented annually to the Audit Committee, one member of which is a board member representing employees appointed by the most representative trade union in L'Oréal for France, the CFE-CGC.

Finally, L'Oréal's Vigilance Plan is published separately on the website [www.loreal-finance.com](http://www.loreal-finance.com) to make it more accessible and encourage dialogue in particular with social partners. More information about the L'Oréal's Vigilance Plan can be found in paragraph 3.4. of the 2021 Universal Registration Document<sup>9</sup>.

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<sup>9</sup> [https://www.loreal-finance.com/system/files/2022-03/LOREAL\\_2021\\_Universal\\_Registration\\_Document\\_en\\_0.pdf](https://www.loreal-finance.com/system/files/2022-03/LOREAL_2021_Universal_Registration_Document_en_0.pdf), pages 144 to 157.

## Questions asked by Mr Pierre Legros on 5 April 2022

***The questions of Mr Pierre Legros are reproduced below in their entirety and with their preamble, without any acceptance by L'Oréal or the Board of Directors of the statements made by Mr Legros nor the facts presented therein.***

"On 14 June 2021, the Commercial Court of Paris rules against the L'Oréal company.

The companies' submissions before the Commercial Court indicate that the "selective division" and the "research division" were reportedly the beneficiaries of a study ordered to an external service provider which aimed at appropriating a competitor's know-how. Their managers (quoted in the submissions) are:

-Mr Laurent ATTAL Vice President CEO for research and innovation of the L'Oréal Group.

-Mr Nicolas HIERONIMUS Vice President CEO for Selective Divisions.

These persons are reportedly legally liable due to the delegations of power they signed.

According to Wikipedia: Industrial espionage or economic espionage is an illegal practice **which aims at retrieving industrial or commercial secrets.**

The judgment of the Commercial Court indicates in particular:

*"L'Oréal was aware of the targets identified by the investigation of December 2014 and of the confidentiality of the collected information.*

*-The court will rule against L'Oréal for acts of unfair competition by appropriation of elements of the know-how of GUINOT, one of its competitors, and of parasitism, by unfair means.*

### **For these reasons**

*-Rules that some components of the know-how of the GUINOT company were appropriated by the L'Oréal company."*

**This judgement rules against the L'Oréal company due to industrial espionage.**

Through its General Counsel, Mr Yannick CHALME, the General Management wrote on 31 March 2022 that **the fact it was industrial espionage is wrong.**

In other words, the General Management of L'Oréal rebuts this judgement.

It is known that, Mr Stéphane RICHARD, Chairman of ORANGE, recently resigned from his duties as Chairman and CEO, even though the facts for which he was convicted did not concern his activities as Chairman and CEO. This resignation strongly supported by the Orange Board of Directors is a sanction linked to the morality of business conduct. Circumstances are alike if there was industrial espionage, which is rebutted by the General Management.

### **Question n°1**

What is the position of L'Oréal's Board of Directors?

Does it agree with General Management in rejecting the judgment?

### **Question n°2**

Does the Board of Directors hold that industrial espionage (an integral part of parasitism) breaches the Code of Ethics?

Has an internal investigation been launched by senior management to identify who was responsible for what? If not, having become aware of the situation, has the Board of Directors requested an internal investigation?

### **Question n°3**

Has Mr Jacques CHALLES, who signed the study with the service provider, explained his actions?

### **Question n°4**

Does the Board of Directors find it conceivable that someone responsible for an act of industrial espionage (or parasitism) can still be employed by L'Oréal?

### **Question n°5**

In general terms, and given its knowledge of these events, does the Board of Directors intend to apply the principle of business morality as the Orange board of directors did?"

*The questions of Mr Pierre Legros are reproduced below in their entirety and with their preamble, without any acceptance by L'Oréal or the Board of Directors of the statements made by Mr Legros nor the facts presented therein.*

#### Question n°1

**What is the position of L'Oréal's Board of Directors?**

**Does it agree with General Management in rejecting the judgment?**

#### Answer n°1

Both L'Oréal and Guinot have appealed against the judgment concerning events that date back to 2014.

Other departments of the company were unaware of the study in dispute in these proceedings, which was commissioned by the Research and Innovation department.

General Management was similarly unaware of it and disputes the version of events upheld by the court; a ruling by the Court of Appeal is now awaited.

#### Question n°2

**Does the Board of Directors hold that industrial espionage (an integral part of parasitism) breaches the Code of Ethics? Has an internal investigation been launched by senior management to identify who was responsible for what? If not, having become aware of the situation, has the Board of Directors requested an internal investigation?**

#### Answer n°2

Clearly, in the abstract, the answer to the first question must be 'yes'. Nonetheless, L'Oréal refutes the existence of any industrial espionage.

As regards the rest, the individuals in the Research and Innovation department who commissioned the study have provided a full explanation.

#### Question n°3

**Has Mr Jacques CHALLES, who signed the study with the service provider, explained his actions?**

#### Answer n°3

Mr Jacques Challes provided a full explanation, at the time, about a study that was insignificant in terms of its cost (37,000 euros) and scale (involving just one exclusive beautician) but also its purpose, which was to assess, in 2014, the relevance of developing facial care devices that could be used by the consumer at home, whereas Guinot focuses on their use in beauty salons

#### Question n°4

**Does the Board of Directors find it conceivable that someone responsible for an act of industrial espionage (or parasitism) can still be employed by L'Oréal?**

#### Answer n°4

The Board of Directors of course monitors compliance with ethical and professional rules.

#### Question n° 5

**In general terms, and given its knowledge of these events, does the Board of Directors intend to apply the principle of business morality as the Orange board of directors did?**

#### Answer n° 5

In general terms, the Board of Directors reiterates that it monitors compliance with ethical and professional rules.



<b>Questions asked by Mr Cornelius Funk on 14 April 2022</b>
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**Question n°1**

Is it planned, to increase the financial/strategic effort in Natural Cosmetics such as LOGOCOS to gain more market shares in this still growing market?

**Question n°2**

Within the L4TF-Kampagne (L'Oréal for the future), is there a plan, to activate additional financial capital especially for operational sites to meet L'Oréal environmental targets?

<b>Answers by the Board of Directors to the questions asked by M. Cornelius Funk on 14 April 2022</b>
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**Question n°1**

**Is it planned, to increase the financial/strategic effort in Natural Cosmetics such as LOGOCOS to gain more market shares in this still growing market?**

L'Oréal's aim is to respond to all consumer needs and to have a presence in all significant market segments. Accordingly, the Group is continuing to invest in natural cosmetics, including via its ambitious Green Sciences programme, which will benefit many of the Group's brands.

**Question n°2**

**Within the L4TF-Kampagne (L'Oréal for the future), is there a plan, to activate additional financial capital especially for operational sites to meet L'Oréal environmental targets?**

The Group has allocated important financial and human resources to implementing its sustainable development policies (first Sharing Beauty With All and now L'Oréal for the Future) for many years and has thus aligned its income and investments with the Paris Climate Agreement. L'Oréal does not provide detailed figures on this topic, except for information published under the EU Taxonomy.

This policy will, of course, continue in the context of the L'Oréal for the Future 2030 targets and the Group will continue to invest in its sites in order to achieve all of these objectives, for example ensuring that all the sites it operates worldwide are carbon neutral by 2025.

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