

L'Oréal Annual General Meeting of 21 April 2023

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 from the FIR dated 20 March 2023

“The Forum pour l'Investissement Responsable (FIR) is a multi-stakeholder association that promotes and develops Socially Responsible Investing (SRI). It engages in constructive dialogue with leading French businesses in the context of its Dialogue and Engagement Committee, whose members manage over 4,500 billion euros in assets.

For the fourth year running, the FIR is sending all businesses listed on the CAC 40 index questions produced by sector and subject-matter experts related to environmental, social and governance (ESG) issues. The reports on the responses given in 2020, 2021 and 2022 are available on our website and an analysis of the 2023 responses will be published in a new study, which will highlight the progress made.

The FIR expects the answers provided by businesses to be tailored and appropriate to the questions asked. Exceptionally, references made to documents available on companies' websites may be used by analysts where they are essential for reaching a clear understanding of the responses given and provided they can be fully localised.

This year, we are attaching your 2022 evaluation, along with certain pieces of contextual information, to this letter to encourage greater transparency and precision in your responses.

L'Oréal's overall average score for 2022 was 1.9/3. For one question, you did not score any points. We therefore invite you to attach greater importance to our questions and particularly the one where you scored the lowest, as detailed below:

Questions	Thèmes	Note /3
Q1	Environnement	2
Q2	Biodiversité	2
Q3	Économie circulaire	2
Q4	Rémunération	2
Q5	Télétravail	3
Q6	Salaire décent	3
Q7	Épargne salariale	1
Q8	Fiscalité	0
Q9	Lobbying	2
Q10	Intégration des partenaires sociaux	2

The questions we are asking you to answer this year are as follows:

Environment

1. a) How, in the context of the Paris Agreement, is each of your actions to reduce your direct and indirect greenhouse gas (GHG) emissions contributing to your decarbonisation targets across all scopes (percentage of reduced emissions due to the action)?

What is the proportion of negative emissions in your decarbonisation targets?

b) Could you link the amount of investment necessary for each of the actions implemented in relation to reducing your direct and indirect emissions resulting from your decarbonisation strategy?

c) On which reference scenario(s) is your decarbonisation strategy based? Is it aligned with a 1.5°C scenario?

2. a) Have you carried out a recent assessment of the (direct and indirect) impacts and dependency of your activities on biodiversity?

b) If not, why? If yes, has your calculation of the (direct and indirect) dependency of your activities on biodiversity (expressed as a percentage of sales, net banking income, etc.) changed since last year?

c) Based on your assessment, how much have you spent to promote biodiversity (protection, restoration, etc.)? Please indicate an amount.

3. a) How, against a background of inflation, geopolitical crises, global heating and biodiversity loss, do you evaluate the financial and economic impacts of the increasing scarcity of strategic natural resources or difficulties in accessing them on your business models?

b) Have you assessed the increase in costs created by these difficulties (indicate how costs have changed, as a percentage or by value)?

c) What measures have you taken as a result to reduce your consumption and move towards a circular business model (indicate the share of the business's activities affected by these solutions)?

Social

4. a) Can you specify how the environmental and social (E&S) criteria included in the short and long-term variable remuneration policies (if applicable) for your senior managers reflect the more practical E&S issues faced by your business?

b) How does the Board ensure that E&S targets are achieved and in particular, based on what quantitative criteria? Is the level of requirement systematically reassessed when achievements rates are high?

c) Can you describe how your employees' (excluding senior managers') remuneration (bonus, long-term, profit-sharing, other) incorporates E&S criteria? Please specify the number of employees concerned and provide as much detail as possible about the E&S criteria and the proportion of employee remuneration they represent.

5. a) Within the context of your value sharing policy, what proportion of your share buybacks have you allocated to your employees over the last five financial years (excluding performance shares)? What proportion of employees was involved in France and internationally?

b) Can you break down the allocation of your share buybacks (cancellation, employee share ownership campaign, allocation of performance shares, other beneficiaries or other allocations) over the same period?

c) More generally, do you have a policy that sets out the allocation of your share buybacks? Is this policy public? If so, can you describe it?

6. a) What precise measures have you implemented to ensure that all your employees and those of your suppliers are paid a decent salary (working with specialist initiatives and conducting studies to determine a decent level of salary for each country, inclusion of this criterion in your supplier charters, due diligence in relation to suppliers, etc.)?

b) Have you set minimum remuneration thresholds for all countries in which your employees and those of your suppliers operate and where do these stand in relation to the local minimum wage? If yes, do you carry out audits to ensure that these thresholds are being implemented correctly and are adjusted according to the cost of living?

c) Have you considered and mapped the systemic risks that could prevent paying a decent wage to your employees and those of your suppliers (such as failure to allow freedom of association)?

7. a) In France, apart from investments in your company's shares, what proportion of employee savings funds have been labelled as socially responsible (SRI, Greenfin, CIES, Finansol or foreign labels)? Please indicate the name of the labelled funds, the proportion, as a percentage of the assets invested and as a percentage of the funds, excluding employee share ownership, the percentage of Group employees who benefit and how the situation has changed since last year.

b) If applicable, please explain why not all your employee savings funds are labelled. If some are not labelled but include ESG criteria, please explain how these criteria attest to a robust and selective ESG strategy.

c) In the other countries in which you operate: What employee savings schemes, excluding employee share ownership, are implemented for your employees outside France? Do they include robust ESG criteria? If yes, what are they? If not, why?

d) How do you involve your employees in choosing and monitoring the responsible use of funds?

Governance

8. The Board of Directors or Supervisory Board must be fully involved in the choices made around being a good corporate citizen in tax terms (aligned with principles such as those of The B Team initiative) to ensure that the business's fiscal responsibility is in line with its social responsibility. Accordingly, the FIR expects that a public fiscal responsibility report, reviewed and signed by the Board of Directors and detailed country by country, exists and is aligned with Global Reporting Initiative (GRI) 207. Accordingly:

a) Do you publish a document detailing your commitments in terms of fiscal responsibility? How does this align with your social responsibility policy, beyond simple compliance? How is it reviewed and approved by the Board? (Please include a link or state where this document and a detailed explanation can be found). Do you specify any fiscal practices you deem unacceptable?

b) Do you publish your fiscal reports country by country? If not, how are you preparing for the European directive scheduled for 2024, which will imply country-by-country reporting for EU Member States? Do you plan to publish a country-by-country report that goes beyond the obligations of the directive?

9. a) What public decisions do your lobbying activities aim to influence? Please detail these for the last two years, concentrating on lobbying linked to human rights (including fundamental social rights), the climate and governance, for the main jurisdictions in which you engage in lobbying activities (including the EU, United States, emerging markets and other regions).

b) How do you monitor and ensure that your ESG targets are in line with the positions of the professional associations to which you belong, and check for any potential divergence with your own positions? Do you publish a report in which you detail how your business's positions and those of your professional associations are aligned, but also the cases in which they may differ?

c) What resources (human and financial) do you allocate to lobbying for all your markets worldwide?

10. a) What measures do you take to anticipate the short and long-term effects of the ecological transition on jobs and changing skills requirements within your group, but also in your value chain (subcontractors, suppliers, franchisees, etc.)?

b) How do you address the environmental question with social partners? At what level(s) (local, national, European and global) and in what contexts? Can you also indicate whether these discussions take place on the basis of information sharing, consultations or negotiations? Please be specific as to the various scenarios that may arise.

c) What resources do you provide to social partners so that they can get involved in your group's environmental policy (training, specific committees, etc.)?

d) Have the environmental prerogatives specifically assigned to the Social and Economic Committee (SEC) by the Labour Code (under the "Climate and Resilience" Act) resulted in new practices in this area in your business?"

Environment

1. a) How, in the context of the Paris Agreement, is each of your actions to reduce your direct and indirect greenhouse gas (GHG) emissions contributing to your decarbonisation targets across all scopes (percentage of reduced emissions due to the action)?

What is the proportion of negative emissions in your decarbonisation targets?

Paris Agreement – Commitment to Science-Based Targets: In 2015, L'Oréal committed to defining long-term Science-Based Targets (SBT) for reducing greenhouse gas emissions along the whole of its value chain, under the Paris Agreement on Climate Change.

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 its operational facilities 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 found to be compliant with the new 1.5°C criteria. 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 begun, allowing each of the areas concerned to track its 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 goal, the Group has established quantified objectives at each stage of its value chain, focusing its targets and actions on the main sources identified in its greenhouse gas (GHG) assessment:

- products and services purchased (40% of emissions (in tonnes CO₂ eq.) according to the GHG assessment 2022): 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.
- the indirect use phase of the products it markets (36% of emissions (in tonnes CO₂ eq.) according to the GHG assessment 2022): by 2030, L'Oréal will innovate to enable its consumers to reduce greenhouse gas emissions resulting from the use of its products by 25% on average and per finished product compared with 2016.
- downstream product transport (4% of emissions (in tonnes CO₂ eq.) according to the GHG assessment 2022): by 2030, L'Oréal will reduce greenhouse gas emissions from transporting its products by 50% on average and per finished product compared with 2016. Between 2021 and 2022, the Group reduced the greenhouse gas emissions from transporting its products by 9.2% on average and per finished product.

Moreover, L'Oréal has been continuously optimising the efficiency and energy mix of the sites it operates worldwide for many years. L'Oréal is committed to achieving carbon neutrality at all its sites¹ by 2025, by improving energy

¹ A site can claim "carbon neutral" status if it meets the following requirements: • Direct CO₂ (Scope 1) = 0, with the exception of: the gas used for catering, the fuel oil used for sprinkler tests, fossil energy consumptions during maintenance of on-site renewable facilities, cooling gas leaks if they are lower than 130 tonnes CO₂eq./year; and

efficiency and using 100% renewable sources. By the end of 2022, 110 Group sites (65%) had achieved carbon-neutral status. It should also be noted that the Group has reduced its CO₂ emissions by 57% since 2019 (scopes 1 and 2 at industrial sites in tonnes CO₂ eq.), i.e., by 91% since 2005.

The proportion of negative emissions in decarbonisation targets: performance and all the targets mentioned above are shown without carbon offsetting.

b) Could you link the amount of investment necessary for each of the actions implemented in relation to reducing your direct and indirect emissions resulting from your decarbonisation strategy?

L'Oréal embarked on a fundamental transformation of all areas of its business model to adapt to the major changes taking place in the world many years ago. 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 crucial lever for long-term success and therefore implements an ambitious social and environmental policy that is shared by both its management and employees.

The Group has allocated significant financial and human resources to implement its sustainable development programmes (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 for sustainable activities.

European Taxonomy: The Group has not identified any sales eligible for the EU Taxonomy. In terms of the first two objectives – climate change mitigation and adaptation – applicable from the financial year 2021, the European Commission has prioritised 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 viewed, 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 seen as a priority.

Eligible investments in 2022 amounted to 434 million euros (of which 387 million relate to lease agreements on buildings and vehicles capitalised according to IFRS 16), compared with total investments of 2,011 million euros as defined by the Taxonomy Regulation. The amount of capex deemed eligible in 2021 was 405 million euros. The variation in the eligible balance in 2022 compared with 2021 is mainly the result of the renewal periods of the lease agreements. It is therefore not connected to the Group's policy on climate change adaptation or mitigation actions. Aligned investments in 2022 amounted to 180 million euros.

c) On which reference scenario(s) is your decarbonisation strategy based? Is it aligned with a 1.5°C scenario?

L'Oréal was one of the first 100 businesses to join the Science-Based Targets Initiative (SBTi), just after COP 21, in 2015. In 2019, the SBTi recognised that its Scope 1 and 2 commitments were aligned with the 1.5°C scenario developed by the Intergovernmental Panel on Climate Change (IPCC).

Similarly, also in 2019, L'Oréal was one of the first businesses to sign the UN Global Compact's "Business Ambition for 1.5°C" pledge, which committed to achieving net zero emissions throughout its value chain by 2050, in line with the IPCC's 1.5°C scenario. L'Oréal is working on developing its trajectories based on the "SBTi Net Zero" framework.

• Indirect CO₂ Market Based (Scope 2) = 0. The renewable energy sources must be located on site or less than 500 kilometers from the site and be connected to the same distribution network. The "carbon neutral" status, as defined above, is achieved without carbon offsetting.

2. a) Have you carried out a recent assessment of the (direct and indirect) impacts and dependency of your activities on biodiversity?

b) If not, why? If yes, has your calculation of the (direct and indirect) dependency of your activities on biodiversity (expressed as a percentage of sales, net banking income, etc.) changed since last year?

Almost 60% of the ingredients used to develop L'Oréal group formulas come from renewable sources and depend either directly or indirectly on biodiversity and the healthy functioning of ecosystem services in their production zone. In 2022, these highly diverse bio-based raw materials, such as vegetable oils and plant extracts, came from over 325 botanical species cultivated in over 100 countries.

Considering the innovation potential found in nature, the Green Sciences programme, led by L'Oréal Research & Innovation, aims to develop the increasing use of bio-based raw materials based on crops and practices that respect the soil, water, and biodiversity, but also biotechnologies and fermentation, eco-extraction, and physical practices and finally, green chemistry. By 2030, 95% of our ingredients will be bio-based, derived from abundant minerals or circular processes. In 2022, 82% of the raw materials newly listed by the Group came from renewable sources and 24% by number were compliant with green chemistry.

L'Oréal is conscious of the potential impact of increasing use of renewable resources both on its value chain and for the sites it operates. In 2020, it renewed its commitment to biodiversity as part of its new sustainable development programme, L'Oréal for the Future.

The Group set itself ambitious targets (approved by the act4nature international initiative), based on an analysis of the main impacts of its activities on biodiversity, as follows:

- by 2030, 100% of bio-based ingredients for formulas and packaging materials will be traceable and will come from sustainable sources. None of them will be linked to deforestation;
- by 2030, the impact on ecosystems needed to produce our bio-based ingredients will be kept at the same level as in 2019;
- by 2030, 100% of our industrial sites and all our operated buildings will have a positive impact on biodiversity, compared to 2019;
- by 2030, the L'Oréal Fund for Nature Regeneration will have invested 50 million euros to help restore one million hectares of degraded ecosystems.

To fulfil these commitments, the L'Oréal group invests several million euros in biodiversity every year and implements its policy through **a series of very comprehensive measures**, which are listed below.

Measurement and monitoring of the Group's biodiversity footprint associated with sourcing its bio-based ingredients

In an innovative approach – and with the support of the expert firm *The Biodiversity Consultancy* – the Group has estimated the impact of its industrial and sourcing activities on natural ecosystems, based on an ecosystem occupancy indicator. This indicator is based on three parameters: the area of land required, the loss of biodiversity associated with the practices involved, and the importance of biodiversity in the ecosystem concerned. It estimates that the sourcing of plant-based ingredients represents more than 80% of the total biodiversity footprint.

Moreover, thanks to the quality of its traceability data, L'Oréal has been able to analyse the importance of biodiversity in areas from which it sources its ingredients, using the Species Threat Abatement and Restoration (STAR) metric, which is based on international Union for Conservation of Nature (IUCN) data. This analysis shows that around 70% of land occupancy relating to the sourcing of the Group's bio-based ingredients is in countries where there is a low or very low risk of impacting significant biodiversity and that 30% of bio-based ingredients come from regions with a moderate risk of impacting significant biodiversity.

Reducing the impact of our sourcing on biodiversity and forests

Deployment of the Group's Sustainable Sourcing Policy: the raw materials buying teams aim to support producers' economic development and respect the traditional knowledge that comes from biodiversity, while incorporating the issues associated with responsible agricultural practices, environmental protection, and biodiversity. Thanks to regular traceability campaigns with its suppliers, 100% of plant-based ingredients are traced to their country of production or even to the biomass production site concerned. In 2022, 100% of the bio-based raw materials used by the Group were reassessed, in particular in relation to biodiversity and respect for human rights criteria. Out of the 328 botanical species found in the bio-based raw materials used by the Group, around 6%² present significant challenges in terms of biodiversity (threatened species and impact of production on natural environments), based on their geographical provenance or method of extraction or production. These are the subject of specific action plans implemented with suppliers and if necessary, receive systematic support from independent, external third parties to manage the actual impacts on the ingredients' places of origin. In 2022, 92% of the bio-based ingredients used in our formulas were traced and came from sustainable sources.

A stronger forest protection policy: L'Oréal updated its 2030 Forest Policy in 2021 to define targets for sustainable sourcing of forestry-related materials. Accordingly, L'Oréal has implemented a holistic action plan for responsible sourcing within its supply chains for raw materials such as palm oil and palm-based derivatives, soya oil and soya-based derivatives, and products based on wood fibre.

L'Oréal takes all reasonable steps to ensure the traceability and sustainable certification of its sources, that its direct and indirect suppliers comply with its policy, that it proactively assesses the risks of non-compliance using a geospatial surveillance tool, and that it develops projects on the ground that support independent producers. As well as acting on its supply chain, the Group is committed to transforming the sector. Among other things, it has co-founded the joint initiative Action for Sustainable Derivatives to share knowledge and methodologies with other key players to encourage the responsible production and sourcing of palm oil derivatives or urging its suppliers to contribute to the Forest Disclosure Project run by the Carbon Disclosure Project (CDP).

² Calculated based on forecast purchases between January and November 2022.

Biodiversity management at our sites

Prevent new sites from impacting the environment and biodiversity: no new sites are built in direct proximity to any wetland (sea, pools, lakes, rivers, etc.) and are developed away from natural areas, public green spaces, areas that are home to species that are threatened or at risk of extinction, or any other greenfield locations (agricultural land, etc.). Instead, facilities are built in existing industrial zones, including existing industrial sites or industrial wastelands, to avoid building on natural or undeveloped space. Administrative facilities are located in buildings certified to Leadership in Energy and Environmental Design (LEED) Gold or Platinum standard – or equivalent – wherever possible.

Protect biodiversity at our sites: every site that has green or undeveloped spaces must appoint a local biodiversity expert to carry out an inventory of the biodiversity present on the site. This must consider local, regional, and national issues and include the proportion of green spaces and the connections between them, the diversity of habitats and plant strata, the number of species (fauna and flora), including protected, vulnerable, and invasive species, and the connections between green spaces and the surrounding ecosystems (green and blue grids).

The inventories contribute to establishing a basis of scientific knowledge to define targeted biodiversity action plans, developed with local associations or experts, that are consistent with the ecosystem in which the sites operate. The resulting plan aims to protect, restore, and develop the biodiversity of the site within its ecosystem. The inventory is produced by a local expert and may, for example, be based on the SITES v2 (Reference Guide for Sustainable Land Design and Development) framework, which is aligned with LEED environmental certification. By the end of 2022, 94 sites had produced a biodiversity index, 71% of which were industrial sites. Inventories must be repeated every three years as a minimum to monitor changes in biodiversity at the site and check the effectiveness of the actions implemented to support it.

Contribute directly to protecting and regenerating biodiversity through the actions of impact investment funds – L'Oréal for Nature Regeneration: in 2020, L'Oréal set up the L'Oréal Fund for Nature Regeneration³ as part of its commitment to protecting biodiversity. This is a 50 million euro impact investing fund managed by Mirova and is designed to offer both a financial return and social and environmental value creation. The L'Oréal Fund for Nature Regeneration aims to help protect or restore a million hectares of ecosystems, capture 15 to 20 million tonnes of CO₂ and create hundreds of jobs by 2030, by supporting projects to restore⁴ 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. By the end of 2022, 15 projects had been selected for further analysis and 11 investments had been approved, representing a total of over 22 million euros.

c) Based on your assessment, how much have you spent to promote biodiversity (protection, restoration, etc.)? Please indicate an amount.

The Group is pursuing its longstanding commitment to ensuring its activities respect the planetary boundaries in the context of its sustainable development programme, L'Oréal for the Future, announced in June 2020. Its new targets have been defined to guarantee the sustainability of its activities and reconcile the Group's needs with protecting the planet and its limited resources. Protecting resources has been a historic commitment for the Group, which has allocated significant financial and human resources over many years 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, however L'Oréal does not provide detailed figures on this topic.

³ Regeneration actions apply to developed land and aim to increase ecological productivity in terms of natural contributions. Source: OP2B Restoration Framework / Science Based Targets Network (2020). Science-Based Targets for Nature: Initial Guidance for Business.

⁴ Restoration focuses on halting and reversing ecosystem damage and re-establishing biodiversity. Source: OP2B Restoration Framework / Science Based Targets Network (2020). Science-Based Targets for Nature: Initial Guidance for Business.

The L'Oréal Fund for Nature Regeneration has a budget of 50 million euros, which is intended to fund restoration projects for natural marine, forest, and agricultural ecosystems, by simultaneously generating positive social and environmental impacts and economic benefits in the areas concerned. Moreover, the Group has reiterated its commitment to forest preservation and regeneration in its L'Oréal for the Future programme. This commitment is set out in its Forest Policy 2030. Published in 2021, this continues the efforts already made in terms of traceability and sustainable certification of palm oil and its derivatives, soya, paper, and cardboard. It also goes a step further, by taking greater account of raw materials and further strengthening targets, on both the sustainable management of supply chains in terms of environmental protection and respect for human rights, and the preservation and rehabilitation of natural ecosystems adjacent to production areas.

A dedicated additional budget will be allocated to funding forest protection projects, as close as possible to the Group's sourcing areas. This forms part of the activities of the L'Oréal Fund for Nature Regeneration.

3. a) How, against a background of inflation, geopolitical crises, global heating, and biodiversity loss, do you evaluate the financial and economic impacts of the increasing scarcity of strategic natural resources or difficulties in accessing them on your business models?

Since 2019, L'Oréal's Corporate Social Responsibility (CSR) Department, in conjunction with its Ethics, Risks, and Compliance Department, has carried out a more detailed assessment of climate-change risks, primarily using the scenario analysis method, intending to strengthen the company's ability to anticipate and reduce the impact of these risks.

In 2020, L'Oréal made a public commitment to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Moreover, the Group has committed to incorporating climate issues into its strategy and to communicating consistent, reliable, clear information to allow investors to factor climate-related financial risks into their decision-making.

The main environmental risks have been analysed in detail by Group experts, in conjunction with the Ethics, Risks, and Compliance Department, and accordingly with the business model. This work is based primarily on a double materiality assessment and a climate study on environmental risks. Climate change-related risks are considered from a long-term perspective – more than 10 years – given their specific nature. The main risks have been signed off at the highest level of responsibility in the organisation, by the relevant Presidents.

In terms of physical risks, the Group is exposed, primarily, to risks of natural origin related first, to the occurrence of extreme weather conditions, such as cyclones or flooding, and secondly, to the risks resulting from long-term changes to the climate, such as the average increase in temperatures, a significant change in the level of precipitation and a reduction in the availability of water. These risks can impact the Group directly at its own sites or indirectly at its suppliers' and subcontractors' sites, thus restricting the availability of the raw materials or packaging items needed for product manufacturing. Accordingly, an exceptionally sharp rise in the price of basic raw materials, for example, due to increasing scarcity or a lack of availability, could impact the Group's performance.

In terms of 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 increased pressure on water resources could impact the availability of finished products by disrupting the Group's operations and supply chain. The increasing scarcity of resources and the start of the transition towards a low-carbon economy could also increase production costs.

The Group, therefore, prioritises 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, and design products that help to reduce waste and protect the water cycle. Green chemistry has been a catalyst for L'Oréal's sustainable innovation policy for over 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 reviews its stock policies, reserves capacity with its suppliers, and negotiates long-term contracts. Similarly, it has business continuity plans in place for each of its operational facilities. The Group is currently deploying a unique business continuity plan methodology at all its plants and distribution centres. These plans aim to be better equipped to anticipate a lack of availability in the Group's supply chain and restart activities as soon as possible. L'Oréal seeks out alternative sources for its raw materials, creates duplicate packaging moulds for its strategic products, implements operational continuity plans with its suppliers, and where necessary, reviews the design of its formulas or finished products. Its main suppliers and subcontractors are asked to comply with the Mutual Ethical Commitment Letter, which covers topics including human rights, working conditions, environmental protection, and integrity.

Alongside its move towards a low-carbon transition, L'Oréal intends to use these analyses as the basis for managing the risks and opportunities associated with climate change, anticipating its effects, and ensuring it remains resilient. L'Oréal is adapting its business model, governance and decision-making processes, research, and operations in line with its values and purpose: "Create the beauty that moves the world".

b) Have you assessed the increase in costs created by these difficulties (indicate how costs have changed, as a percentage or by value)?

The analysis carried out with the support of Group experts, in conjunction with the Ethics, Risks and Compliance Department and in line with the business model, mentioned in the previous paragraph, has allowed us to assess the potential costs associated with climate change. L'Oréal does not provide detailed figures on this topic, except for information published under the TCFD.

c) What measures have you taken as a result to reduce your consumption and move towards a circular business model (indicate the share of the business's activities affected by these solutions)?

The 2030 commitments made by the Group in relation to the L'Oréal for the Future programme aim to ensure that the Group's activities are compatible with a planet with limited resources. Accordingly, and in order to reduce its consumption and move towards a circular business model, the Group has implemented various measures that combine reducing energy consumption, improving efficiency in the use of materials, developing new materials with less impact, product eco-design, waste prevention and management at its sites, water conservation and impact investments to accelerate the transition to a circular economy. In addition, the Group provides financial support for the "Circular Economy" chair at the ESSEC business school.

L'Oréal has for example, committed:

- That by 2030: 95% of its ingredients will be bio-based, derived from abundant minerals or from circular processes. In light of this and as part of its Green Sciences policy, L'Oréal R&I is shifting the portfolio of raw materials towards the development of ingredients with a positive environmental profile, by minimising the environmental impacts associated with cultivating the plants from which these ingredients are derived (such as deforestation, soil impoverishment and the consequences for biodiversity) and using environmentally friendly processes that prevent pollution upstream. In 2022, 61% of the ingredients in our formulas were bio-based, derived from abundant minerals or from circular processes.
- To reduce by 20% (in terms of intensity) the quantity of packaging used for our products compared with 2019, with 100% of our plastic packaging coming from recycled or bio-based sources. By 2025, 100% of the Group's plastic packaging will be refillable, reusable, recyclable or compostable. The shift towards sustainable packaging is based on an ambitious policy, with a focus on three priorities:
 - designing packaging items and finished products that are smaller in size and lower in weight in relation to their content, thus consuming fewer resources;
 - replacing high-impact materials with alternatives that have a smaller environmental footprint, such as recycled materials or those derived from natural or renewable sources;
 - recyclability, so that packaging can be recycled by design.

L'Oréal is working with a range of partners with the aim of implementing new circular solutions for plastic packaging. These include the Carbios consortium, whose bio-recycling technology ensures more widespread recycling of PET⁵ plastics and polyester fibres; the partnership with LOOP Industries®, which depolymerises post-consumer PET to produce virgin-quality PET, and the partnership with PURECYCLE, which specialises in producing recycled PP⁶.

In terms of results, using 94,230 tonnes of recycled materials⁷, including 58,142 tonnes of primary and secondary packaging, has saved the equivalent quantity of virgin materials. For PET, 78.1% of the quantity consumed by the Group worldwide, or 33,912 tonnes, is recycled material. In 2022, 26% of plastic packaging materials came from recycled or bio-based sources and 38% of the Group's plastic packaging was refillable, reusable, recyclable or compostable.

- That 100% of the Group's promotional display stands in retail outlets are eco-designed, based on circular economy principles to manage their end of life.
- That the water used in the Group's industrial processes is recycled and reused in a loop on-site, by prioritising the use of the appropriate equipment according to the situation in the water catchment areas in which L'Oréal operates. At the end of 2022, 16 Group production plants had recycling systems of this kind in place and were able to use recycled water in their industrial processes. Five plants, i.e. 13% of the Group's factories, obtained Waterloop Factory status (recycling and reuse in a loop of 100% of the water used in industrial processes).
- That 100% of the waste generated at our industrial sites will be reused or recycled.
- To invest in the transition towards the circular economy through the creation of the Circular Innovation Fund. L'Oréal is conscious of the growing pressure on natural resources and the global waste crisis, so in 2020 it created a global investment fund dedicated to the circular economy, called the Circular Innovation Fund (CIF). Its aim is to fund innovative businesses in the areas of recycling, the management of plastic waste and

⁵ Polyethylene terephthalate

⁶ Polypropylene

⁷ Post-consumer recycled (PCR) materials.

materials derived from the bioeconomy⁸. This is an international fund, co-managed by the companies Cycle Capital Management and Demeter, which aims to reach 150 million euros. By the end of 2022, it had raised over 85 million euros and had 10 joint investors. As the main sponsor of the Circular Innovation Fund, L'Oréal has committed to investing a total of 50 million euros. Over 560 investment applications were analysed in 2022 and three investments were completed, committing a total of over 15 million euros, 6 million of which have already been invested.

Social

4. a) Can you specify how the environmental and social (E&S) criteria included in the short and long-term variable remuneration policies (if applicable) for your senior managers reflect the more practical E&S issues faced by your business?

The remuneration strategy for our senior executive officer is directly linked to the Group's strategy and business model.

It includes the Group's most substantial issues in terms of the environment and its social, societal and ethical commitments.

These issues are subject to internal action plans implemented, notably, through the L'Oréal for the Future programme, which was launched in 2020 and looks ahead to 2030 (following on from the *Sharing Beauty With All* programme) and the *Share & Care* social programme, which was rolled out in 2013 and renewed in 2021.

The non-financial indicators included in our senior management remuneration policies are directly derived from these programmes and thus reflect the most substantial E&S issues faced by L'Oréal.

In 2022, L'Oréal conducted a double materiality analysis, which confirmed the choice of indicators selected in the remuneration policy to measure management E&S matters (see page 155 of the URD).

Short-term remuneration policy for the senior executive officer:

Non-financial criteria were introduced into the annual variable portion of the senior executive officer's remuneration over 10 years ago.

40% of the annual variable remuneration is based on non-financial and qualitative criteria, of which:

1. 10% for the CSR criterion (quantifiable indicator), linked to the progress of the L'Oréal for the Future 2030 programme, which sets out L'Oréal's commitments in terms of sustainable development, namely combating climate change, sustainable water management, respect for biodiversity, protecting natural resources and linking our ecosystem to our transformation.

More specifically, the Board of Directors has selected eight quantifiable criteria for this programme:

- by 2025, achievement of "carbon neutral status" for all Group sites, by improving energy efficiency and using 100% renewable energy;
- by 2030, 50% reduction in greenhouse gas emissions from transporting Group products on average and per finished product, compared with 2016;

⁸ (European Commission, 2012) A bioeconomy can be defined as the production of renewable biological resources and the conversion of these resources and waste products into added-value products, such as foodstuffs, animal feed, bio-based products and bioenergy.

- by 2030, 100% of the water used in the Group's industrial processes will be recycled and reused in a loop;
- by 2030, 100% of the Group's bio-based ingredients for formulas and packaging materials will be traceable and will come from sustainable sources;
- by 2030, 95% of the ingredients used in Group formulas will be bio-based, derived from abundant minerals or from circular processes;
- by 2030, 100% of the Group's plastic packaging will come from recycled or bio-based sources (50% target by 2025);
- by 2030, all Group products will be eco-designed;
- by 2030, the Group will help a further 100,000 people from disadvantaged communities gain access to employment.

2. 7.5% for human resources (quantifiable indicator):

- gender equality;
- talent development;
- access to training.

3. 7.5% for image, reputation and relationship with stakeholders (qualitative indicator), for the following criteria in particular:

- sustainable development;
- engagement with young people;
- diversity and inclusion;
- ethics;
- value sharing.

It should also be noted that non-financial targets associated with the Group's sustainable development ambitions have been included in the variable remuneration of senior management, including international brand and country managers, since 2016.

Long-term remuneration policy

Since 2022, 20% of the final award of performance shares has been subject to meeting environmental and social targets, measured at the end of a four-year period starting on their allocation date.

1. 15% is linked to fulfilling the commitments made by the Group in terms of environmental and societal responsibility in the context of the L'Oréal for the Future programme (quantifiable indicators):

- % of "carbon neutral" sites;
- % of ingredients used in bio-based formulas that are traceable and derived from sustainable sources;
- % of plastic packaging from recycled or bio-based sources;
- number of people benefiting from Group brands' societal commitments.

2. 5% is linked to the gender-equality target for strategic posts, including the Executive Committee (quantifiable indicator).

It should also be noted that 2,647 L'Oréal employees benefited from the performance shares plan in 2022. The same performance conditions apply to them as well, helping to ensure that all leadership teams are aligned with the achievement of the Group's ambitious targets.

b) How does the Board ensure that E&S targets are achieved and in particular, based on what quantitative criteria? Is the level of requirement systematically reassessed when achievement rates are high?

The Board of Directors relies on the performance indicators used in the remuneration policy to measure the achievement of environmental and social objectives by the senior executive officer; these indicators are set out in the response to the previous question.

Most of the environmental and social indicators used are quantifiable (see previous answer) and are audited by Statutory Auditors; some are reviewed on reasonable assurance.

The ambitious CSR targets associated with the L'Oréal for the Future programme are assessed against a demanding trajectory ending in 2025 or 2030, depending on the indicator.

The Board relies on the work and recommendations of the Human Resources and Remuneration Committee to assess the performance of the senior officer. The Board has access to the year's quantitative achievements for the year, which allow it to evaluate the performance of the senior officer considering the established trajectories.

A progress report for each criterion is published each year in the Universal Registration Document (see pages 104 to 106 of the URD 2022), with a reminder of the 2021 results to show how much progress has been made over the year.

c) Can you describe how your employees' (excluding senior managers') remuneration (bonus, long-term, profit-sharing, other) incorporates E&S criteria? Please specify the number of employees concerned and provide as much detail as possible about the E&S criteria and the proportion of employee remuneration they represent.

In terms of annual variable remuneration, 15,000 employees were eligible in 2022. This is calculated based on collective and individual objectives. Collective objectives are split between financial (80%) and non-financial (20%) objectives, linked to the environmental and social commitments set out in the L'Oréal for the Future programme.

In terms of long-term remuneration, 2,647 employees benefited from the 2022 conditional employee share allocation (ACA) plan, which includes both financial (80%) and non-financial (20%) conditions. The 20% relating to non-financial performance is split between the achievement of the commitments made by the Group in terms of environmental and societal responsibility under the L'Oréal for the Future programme (15%) and gender equality in strategic posts, including the Executive Committee (5%).

5. a) Within the context of your value sharing policy, what proportion of your share buybacks have you allocated to your employees over the last five financial years (excluding performance shares)? What proportion of employees was involved in France and internationally?

The purpose of the buybacks implemented over the last five years was to cancel the shares concerned in all cases. Employee share ownership and conditional share allocation (performance shares) plans are all implemented by issuing new shares.

Employee share ownership plans (excluding performance shares) reflect L'Oréal's approach to value sharing:

- 3rd plan implemented around the world in 2022, following the 2018 and 2020 plans;
- 62 countries involved, with seven added since 2020;
- 500,000 shares offered and subscribed;
- 20% discount and top-up by the company of up to four shares once 10 have been subscribed;
- subscription rate: 35% of eligible employees signed up to the plan;

- over 37,000 L'Oréal employees owned shares in the company as of 31 December 2022, largely thanks to the 2018, 2020 and 2022 employee share ownership plans.

b) Can you break down the allocation of your share buybacks (cancellation, employee share ownership campaign, allocation of performance shares, other beneficiaries or other allocations) over the same period?

All share buybacks over the last five financial years were made for cancellation purposes. A report on share buybacks and their purpose is provided in the Universal Registration Document each year.

c) More generally, do you have a policy that sets out the allocation of your share buybacks? Is this policy public? If so, can you describe it?

The buyback authorisation given by the Board of Directors allows L'Oréal to buy back its shares under statutory conditions, particularly concerning their purpose, namely: cancellation, transfer in the context of employee share ownership campaigns and their assignment to free allocations of shares to the Group's employees and officers; market support in the context of a liquidity contract; and retention and subsequent use as payment in relation to external growth, merger, demerger or contribution transactions.

In practice, as indicated above, employee share ownership operations have resulted in the creation of new shares. The allocation of share buybacks is not formalised in a public policy.

6. a) What precise measures have you implemented to ensure that all your employees and those of your suppliers are paid a living wage (working with specialist initiatives and conducting studies to determine a decent level of salary for each country, inclusion of this criterion in your supplier charters, due diligence in relation to suppliers, etc.)?

In 2020, the Group committed that all employees should receive a living wage in the context of our Employee Human Rights Policy.

Our partnership with the NGO Fair Wage Network (FWN) gave us access to their global database (covering around 3,000 living wage thresholds in 200 countries). This database is recognised by the International Trade Initiative (IDH) as one of the most robust methodologies for calculating living wages, which is regularly updated.

We have therefore been able to carry out a gap analysis, by comparing our salary data from the annual HR report with those of FWN.

In February 2023, we were certified as a "Living Wage Employer" by FWN, following an analysis of our salary data across the Group, and surveys with randomly selected employees from our markets.

L'Oréal has also made a public commitment to ensuring that our strategic suppliers' employees receive a living wage by 2030. In addition, we have committed to ensuring that by 2025, 100% of our strategic suppliers are trained on our living wage strategy, and that 50% of them have carried out their gap analysis on the basis of robust living wage calculation methodologies.

To do this, we have implemented pilots with strategic suppliers from different categories and geographical zones, with the help of our partner, FWN. Some of our suppliers are now certified as "Living Wage Employers".

b) Have you set minimum remuneration thresholds for all countries in which your employees and those of your suppliers operate and where do these stand in relation to the local minimum wage? If yes, do you carry out audits to ensure that these thresholds are being implemented correctly and are adjusted according to the cost of living?

We apply the living wage thresholds suggested by the database of our partner, the Fair Wage Network (FWN), to calculate living wages for our employees. We were certified as a "Living Wage Employer" in February 2023. We also expect our suppliers to use robust methodologies for calculating living wages, in particular, those certified by the International Trade Initiative (IDH), including the database of our partner, FWN. These methodologies are updated regularly to take account of changes in the cost of living.

c) Have you considered and mapped the systemic risks that could prevent paying a living wage to your employees and those of your suppliers (such as failure to allow freedom of association)?

According to the accreditation received by the Group in February 2023, L'Oréal employees receive a living wage in all our markets.

Concerning our strategic suppliers' employees, pilots have been implemented to identify obstacles by sector and region, and to find solutions with the help of our partner, the Fair Wage Network, to allow us to honour our commitments. Some of our suppliers have also been certified as "Living Wage Employers".

7. a) In France, apart from investments in your company's shares, what proportion of employee savings funds have been labelled as socially responsible (SRI, Greenfin, CIES, Finansol or foreign labels)? Please indicate the name of the labelled funds, the proportion, as a percentage of the assets invested and as a percentage of the funds, excluding employee share ownership, the percentage of Group employees who benefit and how the situation has changed since last year.

L'Oréal offers six funds, excluding employee share ownership, as part of its employee savings plan (PEE). Of these six funds, one has an SRI label ("Ceres Fonds d'actions Monde", 17% of assets) and a second fund of funds ("Jupiter Monétaire", 34% of assets) only invests in funds with an SRI label ("Amundi Euro Liquidity SRI", "Amundi Euro Liquidity Rated SRI", "BFT Aureus ISR" and "CPR Monétaire ISR"). In addition, the "Diversifié et Solidaire" fund (8% of assets) invests 10% of its assets in the "Finance et Solidarité" fund, which has several labels (ESUS accreditation, Finansol and Relance label). All Group employees who are eligible for the PEE have access to the range of funds.

b) If applicable, please explain why not all your employee savings funds are labelled. If some are not labelled but include ESG criteria, please explain how these criteria attest to a robust and selective ESG strategy.

Although they do not have a specific label, all other funds in the range are covered by Article 8 within the meaning of the Sustainable Finance Disclosure Regulation (SFDR) and accordingly, promote social or environmental characteristics.

c) In the other countries in which you operate: What employee savings schemes, excluding employee share ownership, are implemented for your employees outside France? Do they include robust ESG criteria? If yes, what are they? If not, why?

L'Oréal offers top-up pension schemes in 89% of the countries in which the Group has employees. Countries are asked to include these in the package offered to employees insofar as the market offers solutions that explicitly include non-financial criteria.

d) How do you involve your employees in choosing and monitoring the responsible use of funds?

In France, responsibility for defining the direction of the financial and non-financial management of the funds within their remit lies with their Supervisory Boards, on which shareholders, employees, and the business are represented.

Governance

- 8. The Board of Directors or Supervisory Board must be fully involved in the choices made around being a good corporate citizen in tax terms (aligned with principles such as those of The B Team initiative) to ensure that the business's fiscal responsibility is in line with its social responsibility. Accordingly, the FIR expects that a public fiscal responsibility report, reviewed and signed by the Board of Directors and detailed country by country, exists and is aligned with Global Reporting Initiative (GRI) 207. Accordingly:**

a) Do you publish a document detailing your commitments in terms of fiscal responsibility? How does this align with your social responsibility policy, beyond simple compliance? How is it reviewed and approved by the Board? (Please include a link or state where this document and a detailed explanation can be found). Do you specify any fiscal practices you deem unacceptable?

b) Do you publish your fiscal reports country by country? If not, how are you preparing for the European directive scheduled for 2024, which will imply country-by-country reporting for EU Member States? Do you plan to publish a country-by-country report that goes beyond the obligations of the directive?

The Group publishes its tax policy in the Universal Registration Document, which includes, among other things, the management report approved by the Board of Directors (paragraph 4.3.5 of the Universal Registration Document 2022).

Its tax policy forms part of its long-term approach to business development and is based on three pillars: Compliance, Transparency, and Legitimacy, as defined in the internal Tax Charter, which is established and disseminated worldwide. These principles are reflected in practice in the self-assessment questionnaire on internal control.

L'Oréal views its tax payments as an integral part of its social, environmental, and societal responsibility, and as a positive contribution to the development of the countries in which the Group operates.

One of our commitments in terms of fiscal responsibility is to establish and maintain relationships with the tax and customs authorities based on transparency, under the "zero tolerance" rule regarding corruption. L'Oréal also builds constructive relationships with the tax and customs authorities based on the principles of cooperation and mutual respect. It responds appropriately and as soon as possible to requests from the tax authorities in the context of exchanging information, in accordance with tax agreements. Where countries allow it, L'Oréal joins cooperative compliance programmes launched by the tax authorities. One example is its relationship of trust with the French tax administration.

L'Oréal submits its tax declarations and pays its taxes by the deadline, under laws and regulations of each country in which the Group operates. It pays particular attention to combating fraud and tax evasion, which it deems unacceptable. L'Oréal has premises in the countries in which its operational and commercial activities take place. Where applicable, the Group's presence in certain countries classified as "tax havens", as defined in French or European law, is justified for operational and business development reasons, and not for tax purposes. The Group does not engage in aggressive tax planning and refrains from setting up opaque or artificial structures.

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.

The Group has already begun to prepare for country-by-country reporting by presenting the total tax contribution for European and non-European countries since 2021 (for corporation tax and operational taxes). Overall, L'Oréal's contribution to states and local authorities in 2022 amounted to 2.4 billion euros, which is consistent with its operational contribution.

Over the coming months, the Group will support this presentation with additional information to make the data in the report easier to understand.

9. a) What public decisions do your lobbying activities aim to influence? Please detail these for the last two years, concentrating on lobbying linked to human rights (including fundamental social rights), the climate, and governance, for the main jurisdictions in which you engage in lobbying activities (including the EU, United States, emerging markets and other regions).

L'Oréal believes that all actors in society, including businesses, have a key role to play in public debate by providing the public authorities with information and analyses aimed at supporting public policymakers' thinking and benefiting the whole of society, based on complete transparency. 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 positive, fruitful dialogue between private actors and the authorities.

Integrity and transparency are two of L'Oréal's key ethical principles. Under its Code of Ethics, L'Oréal has therefore decided to explain its commitments in terms of ethical lobbying and how these are implemented. These commitments have been published in its Responsible Lobbying policy, which applies to all the geographical areas in which the Group operates. Among other things, they 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 under 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 updated regularly to reflect the implementation of a progressive process.

L'Oréal is keen to publicise commitments that reflect its sincere and transparent actions, in line with its global approach to ethical conduct. Its Responsible Lobbying policy is available on the company's website.

L'Oréal has also signed the Joint Declaration on lobbying for business members of Transparency International France. Some countries do not have a general framework that regulates how the representatives of interests can contribute to the public debate, prompting certain companies, including L'Oréal, to promote their Responsible Lobbying policy to as many people as possible.

L'Oréal's lobbying activities take place in strict compliance with the framework mentioned above.

Over the last two years, L'Oréal's lobbying activities have mainly focused on legislation concerning the regulation of cosmetic products and their packaging. L'Oréal's teams are engaging in dialogue with the public authorities on the issue of accelerating the cosmetic sector's ecological transition. L'Oréal considers that its environmental and societal commitments cover a range of areas, including reducing CO2 emissions, preserving biodiversity,

sustainable water management and reducing the consumption of natural resources, as well as respect for human rights throughout our value chain.

As a result, our external relations activities can cover a variety of topics. We have been particularly involved in the dialogue between businesses and the public authorities on the circular economy, in France, Europe and internationally.

L'Oréal's public affairs strategy also includes a section on accompanying the Group's sustainable transformation, by promoting product eco-design and establishing a circular economy in all the markets in which it operates.

With regard to our lobbying activities directly related to ESG issues:

1. Human Rights

L'Oréal's commitment to human rights is reflected at every stage of the value chain.

Our responsible purchasing policy ensures respect for human rights in our supply chain, in particular with regard to plant-based raw materials. In practical terms, we work with farmers to ensure they get fair prices, decent working conditions and access to health care.

Our *Share & Care* programme guarantees parental leave for our employees, which contributes to protecting the children concerned.

In 2017, we adopted a human rights policy in accordance with the UN's guiding principles.

In 2020, we published our Employee Human Rights Policy because we are committed to setting an example by making social standards universal for all L'Oréal employees.

As part of its L'Oréal for the Future programme, launched in 2020, the Group has made a commitment that by 2030, 100% of its strategic suppliers' employees will be paid at least a living wage that allows them to cover their basic needs and those of their dependents, calculated in line with best practices.

- Over the last two years, the Group has engaged in lobbying to promote the notion of a living wage – which is viewed as a fundamental right – as a standard business practice. Our advocacy activities have largely been carried out through several large institutional organisations with close links to political decision-makers: Business for Inclusive Growth (B4IG). L'Oréal is a founder member of this international coalition of businesses dedicated to eradicating inequalities of opportunity and geography, which was launched by the OECD at the G7 summit in 2019. Within B4IG, L'Oréal encourages the OECD and other member businesses to make commitments on living wages and to raise awareness among political decision-makers and in the business world.
- L'Oréal is the “head” of one of the working groups (“Think Lab”) in the United Nations Global Compact (UNGC) on the subject of living wages.
- In January 2023, L'Oréal's Chief Executive Officer met the UN High Commissioner for Human Rights. This was an opportunity to promote our actions to establish living wages in our value chain.
- L'Oréal has co-founded a future platform on living wage data (in conjunction with Unilever, the United Nations International Trade Centre (ITC), based in Geneva, and the NGO IDH). The project consists of developing a web platform to allow businesses to access databases on living wages, provided by expert organisations, including our partner, the Fair Wage Network.

In 2022, L'Oréal also:

- signed the call to the EU to make living wages and income a human right, in relation to the draft European directive on businesses' duty of vigilance with regard to sustainability;

- published the report on the Human Rights Impact Assessment (HRIA) carried out with the Danish Institute for Human Rights on the bergamot sector in Italy. Among other things, the assessment provided an opportunity for robust engagement with stakeholders in this value chain.

2. Climate

L'Oréal does not operate in a sector that allows it to have a decisive influence on political decisions about the climate. Nonetheless, we try to use our influence within our ecosystem of partners, suppliers and customers to promote a Science Based Targets (SBT) approach and to drive thinking about objectives in terms of sustainable water management, respect for biodiversity and preserving natural resources.

Raising awareness and engaging in dialogue in this way extends to political and institutional representatives, at a national and international level.

For example:

- in 2020, L'Oréal launched its own Environmental and Social Impact (PIL) rating, which awards a score on a scale of A to E, based on its environmental impacts in its category, including greenhouse gas emissions, measured at each stage of a product's life cycle;
- in 2021, L'Oréal held meetings with the European Commission (experts from the Joint Research Centre, the Directorate-General for Justice and Consumers (DG JUST) and the Directorate-General for Environment (DG ENV) on its PIL initiative, in which it presented and discussed the methodology and development of the consumer interface.

b) How do you monitor and ensure that your ESG targets are in line with the positions of the professional associations to which you belong, and check for any potential divergence with your own positions? Do you publish a report in which you detail how your business's positions and those of your professional associations are aligned, but also the cases in which they may differ?

L'Oréal is a member of numerous professional associations around the world, including the FEBEA (Fédération des Entreprises de la Beauté), Cosmetics Europe, AIM, WFA (World Federation of Advertisers), PCPC (US cosmetics industry association), CAFFCI (China Association of Fragrance Flavour and Cosmetic Industries), ISTMA (Indian Soap and Toiletries Mfrs Association), CTPA (Cosmetic, Toiletry & Perfumery Association), etc.

L'Oréal ensures that all the professional associations of which it is a member comply with their statutory obligations in terms of the transparency of their activities in representing particular interests. In countries without a legal framework governing the representation of interests, L'Oréal promotes positive 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 Group's ethical principles.

The Group has set up a governance structure and tangible measures to ensure that our lobbying activities do not come into conflict with our sustainable development strategy, to monitor the alignment between L'Oréal's ESG objectives and the positions of the professional associations to which it belongs. L'Oréal has a sustainable development programme with indicators that can be followed closely and transparently by external stakeholders. Our engagement in public affairs operates in the same spirit of transparency and responsibility. Our responsible lobbying policy states that "employees authorised to engage in lobbying activities must inform their line manager if they face a real or potential conflict of interests situation that is likely to influence the relationship between L'Oréal and public-sector decision-makers". This includes situations where our lobbying efforts could contradict our CSR principles.

Under the same policy, and in the case of behaviour that is contrary to our sustainable development policy, employees must report this to a member of the Group Executive Committee, the Zone or Country Management Committee in their line management structure, or their Ethics Representative. All members of the L'Oréal Executive Committee and all Country Managers have simultaneous responsibility for sustainable development and public affairs, and must therefore meet our Chief Corporate Responsibility Officer as part of their induction.

All senior executives are assessed (as part of their annual performance appraisal) on how they have advanced the business's sustainable development strategy, including within the context of their public affairs responsibilities.

L'Oréal's Chief Corporate Affairs and Engagement Officer also holds regular meetings with the international public affairs team to examine public affairs activities in relation to sustainable development, including the activities of our professional associations. All public affairs managers in the markets in which the Group operates must cooperate with their local counterparts with responsibility for sustainability to advance our sustainable development strategy.

L'Oréal is not a member of any professional association that opposes climate legislation. Should one of our professional associations take a position that is not in line with our sustainable development strategy – but also on the duty of vigilance in terms of human rights and sustainability – L'Oréal reserves the right to express a different position.

Since 2022, as part of the annual evaluation carried out by the Carbon Disclosure Project (CDP), L'Oréal has submitted an exhaustive report on all the positions it has taken within its professional associations, and the efforts it has made to lead these associations towards increasing stringent positions on environmental issues.

As a reminder, L'Oréal was recognised by the global environmental protection organisation CDP for the seventh consecutive year, with a triple 'A' rating for its environmental action in terms of combating climate change and protecting forests and water security.

Based on the data submitted for the CDP's 2022 questionnaires on climate change, forests and water security, L'Oréal is one of only 12 businesses to have obtained a triple 'A' rating – out of almost 15,000 companies assessed. The CDP's environmental assessment is widely recognised as a benchmark in corporate transparency. In 2022, over 680 investors, representing over 130,000 billion dollars in assets, and 280 major buyers, totalling 6,400 billion dollars of procurement spending, asked businesses to submit their data on environmental impacts, risks and opportunities via the CDP platform. A record number of businesses (18,700) responded.

c) What resources (human and financial) do you allocate to lobbying for all your markets worldwide?

The International Public Affairs Department is responsible for coordinating the public affairs road map at Group level, and for ensuring that the Group's positions align with the values advocated by L'Oréal at the global level.

Lobbying activities in the L'Oréal group's 42 subsidiaries are the responsibility of the Directors of External Relations and Engagement. The subsidiaries generally do not have dedicated lobbying staff. In most cases, lobbying activities involving public-sector decisions, such as regulations, are carried out by the professional associations to which the subsidiary belongs.

In France, L'Oréal submits 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 (HATVP) every year.

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

1. remuneration costs for people responsible for the representation of interests activities;
2. event organization costs;
3. expert appraisal costs;
4. gifts and benefits given to public officials;
5. costs of services from consultancies or law firms; and
6. contributions to professional organizations.

In 2022, L'Oréal recorded consolidated resources on the Register of Transparency in Public Life in France allocated to the representation of interests of between 800,000 and 900,000 euros, comprising human resources equivalent to four full-time staff employed 50% of the time.

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

10. a) What measures do you take to anticipate the short and long-term effects of the ecological transition on jobs and changing skills requirements within your group, but also in your value chain (subcontractors, suppliers, franchisees, etc.)?

We continuously evaluate our jobs and skills to respond to the challenges of the ecological transition.

Accordingly, in July 2021, we used the *Skills for the Future* study, carried out in the same year with the consultancy firm Akoya, to identify the skills to be developed at every major stage of the value chain. As a result, we have equipped the training Directors for each of our major strategic functions to incorporate these skills into their training programmes.

We update this approach regularly to take account of the continuous and rapid change in skills requirements.

At the same time:

- since the end of 2020, we have trained 45,000 employees through the *Green Steps* programme on sustainability issues and the Group's L'Oréal for the Future transformation programme;
- in April 2023, we will launch the *Going Sustainable Together* e-learning programme to allow all employees to understand the environmental and social impact of their role in the value chain and learn new ways of working, new terms and existing good practices in terms of sustainability.

Turning to our suppliers, we share our knowledge and documentary resources in terms of sustainability, supporting and participating in their teams' skills development and transformation. Several actions have been implemented in this respect, in particular by our sourcing teams:

- Spread The Green Vibes discussion and joint development days in our country subsidiaries and zones since 2019. In 2022, 1,800 suppliers took part in these events, which are organised by our subsidiaries and zones, to discuss and share ideas;
- at the corporate level, the highlight of this partnership is the Spread The Green Vibes forum, which we organised at the global level for the first time in March 2023, to involve our strategic suppliers in our L'Oréal for the Future programme. During this collaborative event, NGOs, our suppliers, and ourselves shared our knowledge, experience, and good practices during round-table discussions on social and environmental topics, such as the climate and decarbonisation, biodiversity, forests, eco-design, the circular economy, green finance solutions, green energy purchases, inclusive sourcing, and living wages;
- we are extending this event by giving these strategic suppliers access to our digital content-sharing platform in various formats, including training videos;
- to cite some other examples, since 2018 we have, more generally, trained teams at 800 of our Retail and Promotion suppliers in eco-design; our Research and Innovation teams also run regular webinars for our raw materials suppliers explaining our L'Oréal for the Future programme; we share training on our forest policy; every year we help our suppliers with their CDP and ECOVADIS evaluations; for the past 12 years, under L'Oréal's Solidarity Sourcing inclusive purchasing programme, we have engaged with our suppliers in practical social inclusion actions; in 2022, for example, 710 suppliers around the world employed over 85,500 people based on inclusion.

b) How do you address the environmental question with social partners? At what level(s) (local, national, European and global) and in what contexts? Can you also indicate whether these discussions take place on the basis of information sharing, consultations or negotiations? Please be specific as to the various scenarios that may arise.

At the European level, we give regular presentations at joint meetings of our European social dialogue body (the European Works Council) on our strategy for adapting to the ecological transition across all the company's functions and throughout the value chain and more generally, on our social and environmental responsibility policy.

At a more local level, staff representatives are involved in defining and implementing our environmental strategy through information, sharing views, consultation or negotiations, depending on local legislation and practices. Guided by our *L'Oréal Share & Care* innovation and social performance programme, the topics covered focus on areas such as mobility (less polluting company vehicle fleets, incentives for employees to use so-called green mobility solutions and the hybrid remote/on-site working policy, which also contributes to reducing our carbon footprint).

c) What resources do you provide to social partners so that they can get involved in your group's environmental policy (training, specific committees, etc.)?

At the European level, our European social dialogue body is given regular presentations by the Group's leaders and top experts on our environmental strategy.

At the local level, staff representatives – like all employees – benefit from L'Oréal's extensive training resources on sustainability topics, in particular through the *Green Steps* (45,000 employees trained), *Skills for the Future* and soon *Going Sustainable Together* programmes.

d) Have the environmental prerogatives specifically assigned to the Social and Economic Committee (SEC) by the Labour Code (under the "Climate and Resilience" Act) resulted in new practices in this area in your business?

French staff representatives have long been involved in discussions about the environmental performance of our sites; the indicators used to measure this performance are the subject of regular information sharing and discussions, particularly through the Health, Safety and Working Conditions Committees set up at each site.

More generally, staff representatives and management hold regular discussions on environmental issues as part of the annual consultation process, in particular on the company's strategic direction and how these questions are incorporated into the company's strategy in economic and financial terms and in relation to employment, changes in jobs and skills, and work organisation.

Since the French Climate and Resilience Act was passed, any plan relating to the organisation or general running of the business submitted to staff representatives for consultation must be analysed with them in light of its environmental as well as its economic and social consequences.

Moreover, the business's environmental performance indicators are always available to French staff representatives as part of the company's database of economic, social, and environmental information.

Letter from Mr. Pierre Legros dated 13 April 2023

The questions from Mr Pierre Legros are transcribed in full below, together with their preliminary remarks. This does not imply acceptance by L'Oréal or the Board of Directors of Mr Legros' views or the facts stated:

"Mr Chairman,

In light of the company's forthcoming Annual General Meeting, please find below questions to which I would like you to respond. Please note that these questions relate solely to the financial statements of L'Oréal France, not to the L'Oréal consolidated financial statements.

If, for some reason, I am not listed in your database of shareholders, please let me know so that I can request the relevant documents to provide evidence of my status.

Questions to the Annual General Meeting concerning the financial statements of L'Oréal France

In 2012, L'Oréal set aside a provision of €101 million to cover notably the tax risk linked to a partial lack of billing of management fees to foreign subsidiaries.

Following an investigation that is now complete, the statute of limitation for tax matters was increased to 10 years. Has L'Oréal been subject to a tax adjustment in relation to this provision? If so, has the adjustment been accepted, and for what amount?

What was the amount of the provision as of 31 December 2022?

Yours faithfully,"

Answer

"The Annual General Meeting has been called to approve the financial statements for 2022 and it is therefore surprising to see a question on what happened to a provision dating back to financial year 2012.

All the company's financial statements have always been regular and sincere, and certified without reserve by the statutory auditors. The company explains in its URD 2022 (page 230) the purpose of the provisions it records in its financial statements, notably to cover a risk where there is a divergence of opinion with the tax authorities on the interpretation of a particular situation. The amounts of provisions for risks and charges in the financial statements of L'Oréal SA as at 31/12/2022 can be found on page 329 of the URD 2022. In line with usual practice, the details of these provisions, how they are treated and how they are reversed is not disclosed, insofar as this constitutes particularly sensitive information in respect of third parties. Provisions are reversed over time, and there are no provisions in the 2022 financial statements in relation to a tax risk dating back to 2012."

Question from Ms. Yutong dated 6 April 2023

“We know that the company has two ways of returning profits to shareholders: dividends and share buybacks. I would like to know why you have chosen to distribute profits in both these forms, rather than simply as dividends. In addition, what criteria do you use to decide on the split between share buybacks and dividends?”

Answer

The main purpose of our share buyback policy is to offset, via share cancellations, the dilution that affects all shareholders resulting from the issue of new shares in relation to the implementation of employee share ownership plans or performance shares, thus keeping the number of shares in circulation relatively constant in the absence of any exceptional strategic transactions.

L'Oréal's dividend policy is to increase the dividend per share on a regular basis (see page 23 of the Universal Registration Document for the history of past dividend payments) and to reward our shareholders for their loyalty by increasing the dividend by 10% for registered shareholders who have held their L'Oréal shares for more than two years.
