

7.3.5. Shareholders' agreements relating to the securities comprising the Company's share capital

Collective lock-up agreements concluded pursuant to the French General Tax Code

L'Oréal was informed that on 16 December 2016, the members of the Bettencourt Meyers family group, and Mr Jean-Paul Agon for 100 shares, signed lock-up agreements under the Dutreil law for 185,704,189 L'Oréal shares representing 33.065% of the capital and of the voting rights of the Company on the date of the agreement.

The lock-up agreements were concluded in application of Articles 787 B and 885 I bis of the French General Tax Code for a period of two years, tacitly renewable for one-year periods. They do not include any preferential rights for sales or acquisitions for the benefit of the signatories and do not constitute a concerted action vis-à-vis the Company.

On Friday 29 December 2023, the agreements concluded in 2016 were terminated and a new lock-up agreement was concluded pursuant to Article 787 B of the French General Tax Code, representing the same number of L'Oréal shares and similar to those concluded in 2016, with the addition of the company Financière L'Arcouest (controlled by Ms Françoise Bettencourt Meyers and her family) as a signatory.

Commitments of the Bettencourt Meyers family associated with their waiver granted in 2021 by the AMF from the obligation to file a draft public offer for the L'Oréal shares⁽¹⁾

Following the 2021 repurchase by L'Oréal of 4% of its own shares held by Nestlé, and the consequent cancellation

in February 2022 of the 22,260,000 shares thus repurchased by L'Oréal, the Bettencourt Meyers family exceeded the thresholds of one third of the Company's share capital and voting rights. The AMF granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares. Accordingly, the Bettencourt Meyers family has undertaken⁽²⁾, for a period expiring at the end of the Annual General Meeting of L'Oréal called in 2025 to approve the financial statements for the financial year ending 31 December 2024:

- not to acquire shares in L'Oréal beyond those they held on the date of the AMF's waiver decision;
- to refrain from participating in decisions of L'Oréal's governance bodies that could lead to a passive increase in the capital and voting rights of L'Oréal; and
- to refrain from exercising the proportion of its voting rights in excess of 33.33% of the voting rights of L'Oréal.

Within the context of the transfer by Ms Françoise Bettencourt Meyers of 27,650,000 L'Oréal shares to the company Financière L'Arcouest, on 12 December 2023, the AMF granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares (AMF decision no. 223C2036) following this internal reclassification within the Bettencourt Meyers family group. As a member joining the Bettencourt Meyers family group, Financière L'Arcouest is therefore required to comply with the aforementioned commitments made by the Bettencourt Meyers family group as part of the waiver decision of 8 December 2021.

The Company is not aware of any shareholders' agreements affecting shares and its capital other than those described above.

7.3.6. Buyback and cancellation by the Company of its own shares

During the 2023 financial year, the Company redeemed 1,271,632 of its own shares, in accordance with the authorisation approved by the Annual General Meeting of 21 April 2023.

The table below summarises by purpose the transactions carried out in this context and the use made of the securities redeemed:

Date of authorisation of the Annual General Meeting	13 th resolution of 21 April 2023
Authorisation expiry date	20 October 2024
Maximum amount of authorised buybacks	10% of the share capital on the date of the buybacks (i.e. as an indication, 53,518,656 shares at 31 December 2022)
Maximum purchase price per share (excluding costs)	€600
Authorised purposes	Cancellation Employee shareholding Free grants of shares Liquidity and market stabilisation External growth, merger, demerger or contribution
Board of Directors' meeting that decided on the buybacks	27 July 2023
Purpose of buybacks	Cancellation
Period of buybacks made	From 6 September 2023 to 30 November 2023
Number of shares bought back	1,271,632
Average purchase price per share	€393.20*
Use of shares bought back	Cancellation

* Excluding expenses.

(1) AMF Decision No. 221C3388.

(2) These commitments could be lifted early if there are significant changes to L'Oréal's environment, situation or shareholding, provided that the Bettencourt Meyers family submits to the AMF in advance their intention to do so.

7 Share capital and stock market information

Long-term incentive plans

1,271,632 shares were cancelled in 2023. Over the last 24 months, 25,074,503⁽¹⁾ shares have been cancelled.

As of 31 December 2023, the Company does not hold any of its own shares.

No use was made of derivatives to make the share buybacks. There was no open purchase or sale position at 31 December 2023.

7.3.6.1. Renewal by the Annual General Meeting of the authorisation given to the Board to trade in the Company's shares

By voting a new resolution, the Annual General Meeting could give the Board of Directors the means to enable it to continue with the buyback policy.

This authorisation would be given for a maximum period of 18 months as from the date of the Annual General Meeting and the purchase price per share could not exceed €700 (excluding expenses); provided that in the event a public offer is filed for the Company's securities by a third party, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

The Company would be able to buy its own shares for the following purposes:

- cancelling them;
- selling them within the scope of employee share ownership programmes and allocating them to free grants of shares for the benefit of employees and directors and corporate officers of the Group;
- market-making under a liquidity agreement; and
- retaining the shares and subsequently using them as payment in connection with external growth, merger, demerger or contribution transactions.

The authorisation would concern up to 10% of the share capital, i.e., as an indication, 53,472,547 shares for a maximum amount of €37,430,783,250 at 31 December 2023; it being specified that the Company may not at any time hold more than 10% of its own share capital.

The purchase, sale, exchange or transfer of these shares may be carried out by any means on one or more occasions, on or off the stock market, including in whole or in part, through the acquisition, sale, exchange or transfer of blocks of shares. These means include the use of all financial instruments and derivatives (see Resolution 17).

7.4. Long-term incentive plans AFR

7.4.1. Presentation of the stock option Plans for the purchase or subscription of shares and Plans for Conditional Grants of Shares to employees (ACAs)

Policy

For several years, L'Oréal has set up long-term incentive plans in favour of its employees and corporate officers in an international context, in the form of grants of performance shares.

These grants serve a dual purpose:

- motivate and reward those who make significant contributions to future increases in the Group's financial and non-financial results; and
- strengthen involvement and the sense of belonging of its beneficiaries by fostering long-term loyalty in a context of increased competition for talent.

Since the 2022 ACAs Plan, performance conditions have included the non-financial criteria described below. These criteria serve L'Oréal's dual goal: economic and social excellence to create sustainable value for all.

History

Until 2009, L'Oréal's Board of Directors exclusively granted stock subscription or purchase options to the senior managers and corporate officers whom L'Oréal wished to reward for their performance and their important role, wherever they might be geographically located.

In 2009, L'Oréal's Board of Directors enlarged its policy by introducing an ACAs vehicle.

The objective was:

- to provide a long-term incentive offering greater motivation to all those who received stock options only occasionally or in limited numbers; and
- to reach out to a broader population of potential beneficiaries, particularly internationally, in a context of increased competition for talents.

⁽¹⁾ For the avoidance of doubt, it should be noted that 23,802,871 shares were cancelled during the 2022 financial year, including the 22,260,000 shares that were repurchased by L'Oréal from Nestlé in December 2021.