

L'ORÉAL

Vigilance Plan

2024

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Contents

1. Introduction	2
2. A continuous improvement process	2
3. General framework of risk analysis	3
4. Applicable rules resulting from the risk analysis	3
5. Effective application and compliance with the Plan	11
6. Whistleblowing mechanism and reporting system	16
7. Update on the effective implementation of the Plan	16

Vigilance Plan

1 Introduction

L'Oréal is built on strong ethical principles that guide its development: Integrity, Respect, Courage and Transparency. These Principles form the foundation of its policies on sustainability, corporate social responsibility, and philanthropy. L'Oréal promotes respect for all internationally recognised Human Rights and Fundamental Freedoms.

In line with the United Nations Guiding Principles on Business and Human Rights, L'Oréal's particular points of reference are the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the Fundamental Conventions of the International Labour Organization.

L'Oréal's Vigilance Plan (the "Plan") meets the obligations of the French law of 27 March 2017 on the duty of vigilance for French parent companies and order-giver companies. It contains reasonable due diligence measures intended to prevent the risk of serious adverse impacts on Human Rights and Fundamental Freedoms, health, safety and the environment within the framework of a best efforts obligation. It applies to L'Oréal, the parent company of the Group, and to the subsidiaries controlled directly or indirectly by L'Oréal (the "Subsidiaries"), as defined by Article L. 233-16 of the French Commercial Code, and to suppliers and subcontractors with which the companies of the Group have a "permanent commercial relationship", i.e., a direct, ongoing and stable commercial relationship based on the definition in

French case law (the "Suppliers"), depending on the risk level as identified in the Plan. It is understood that in its own activities, L'Oréal complies with the rules and procedures contained in the Plan, even when L'Oréal is not expressly mentioned therein. The Plan contains the rules applied to prevent the risk of serious adverse impacts on Human Rights and Fundamental Freedoms, the health and safety of people and the environment resulting from the activities of L'Oréal, its Subsidiaries and Suppliers (see section 4). It also includes reasonable measures for the effective application of these rules by L'Oréal and its Subsidiaries and Suppliers as well as regular assessment procedures to evaluate their compliance (see section 5). It provides a whistleblowing and reporting system (see section 6) and presents a report on the plan's implementation (see section 7). The actions to support, encourage and prevent serious adverse Human Rights, Fundamental Freedoms, health, safety and the environment contained in the Plan constitute reasonable efforts to be implemented by Suppliers and Subsidiaries. Given the diversity of the businesses of the Subsidiaries and Suppliers, the Plan contains common measures for them.

In addition to these common measures, L'Oréal and its Subsidiaries voluntarily conduct additional actions on these same issues. These initiatives are described in other chapters of the 2024 Universal Registration Document, in particular chapter 4. Suppliers voluntarily conduct additional actions on these issues and L'Oréal encourages them to do so.

2 Continuous improvement process

As part of a continuous improvement approach, the Plan is regularly reviewed by the Ethics, Risk and Compliance Department, the Operations Department (Environmental, Health and Safety and Purchasing), the Human Relations Department, the Corporate Social Responsibility Department and the Legal Department. Each of these representatives leads a local network (Ethics Correspondents, Environmental, Health and Safety, Purchasing, and Human Relations teams, managers from Internal Control, and Sustainability Leaders) around the world, making it possible to take into account feedback from the field when improving the Plan.

The Vigilance Plan was presented to internal stakeholders (such as the employee representatives in the context of the

European Works Council (Instance Européenne de Dialogue Social) and qualified outside stakeholders (NGOs and members of civil society). The Audit Committee and the Board of Directors are informed each year of the update to the Plan's content. As part of the preparation for the European Corporate Sustainability Reporting Directive (CSRD), the Group conducted double materiality analysis assessments of the main sustainability-related risks, impacts and opportunities. These studies were an opportunity for the Group to continue its dialogue with experts and stakeholders on the potential impacts of its business activity, specifically on the environment and Human Rights (see section 4.1.3 of the 2024 Universal Registration Document).

3 General risk analysis framework

The risks of serious impacts on Human Rights, the environment, health and safety have been analysed on the basis of the business of L'Oréal, its Subsidiaries and its Suppliers. The risk analysis was used, first, in the definition of the Applicable Rules (defined hereafter) and, second, to the measures for effective application and monitoring of these Rules.

L'Oréal's activity consists of producing cosmetic products and distributing these products to the Group's clients.

3.1 Manufacturing of finished products

L'Oréal manufactures the vast majority of the finished products that it sells in its own factories, and is mainly present in major growth markets. Its network of 36 factories is equipped with the very latest technologies and advances in automation and adapts constantly, and with agility, to incorporate acquisitions and embrace external innovations.

This network is rounded out by production subcontracting, mainly to meet temporary demand peaks for specific technologies (make-up pencils, soaps, etc.). L'Oréal's contracts prohibit cascade subcontracting. Subcontractors, who need to subcontract a portion of their L'Oréal production to meet manufacturing constraints must first obtain consent from L'Oréal. When, in certain cases, the subcontractor is authorised to subcontract a portion of its production, the same rules as

those defined in this Plan are applied to the subcontractors of the subcontractors. The same types of controls and sanctions are in place in the event of breaches in compliance.

To meet their production needs, L'Oréal's factories purchase various raw materials, packaging components and equipment from third-party suppliers. These suppliers have specific expertise, develop their products and have the infrastructure necessary to produce them. They act with complete independence from L'Oréal, without depending on L'Oréal's instructions or expertise.

The manufacture of packaging components is not part of L'Oréal's activity. The packaging components used are purchased from companies specialising in this area. The same is true for production equipment.

3.2 Product distribution

Products are distributed by the Subsidiaries and independent third-party distributors in the countries or regions where the Subsidiaries are not present. In order to ensure this distribution, warehouses are operated by the Subsidiaries directly, or these services are entrusted to third-party logistics service providers that render services on the same type of activity: storage and preparation of orders in warehouses that they lease or own.

4 Applicable Rules resulting from the risk analysis

The Subsidiaries and Suppliers must comply with the applicable local legislation and the minimum common core of the rules listed below (the "Applicable Rules") in order to prevent the risk of serious adverse impacts on Human Rights and Fundamental Freedoms, health and safety of people and the environment. When local laws and/or the internal rules of Subsidiaries and Suppliers provide more stringent standards than the Applicable Rules, such standards must take precedence. If, however, the Applicable Rules provide for stricter standards, the Applicable Rules take precedence unless they result in an unlawful activity. In the event of a contradiction between local laws and internationally recognised Human Rights, L'Oréal works to comply with these international standards.

4.1 Risks and Applicable Rules for the prevention of serious violations of Human Rights and Fundamental Freedoms

Risk Analysis and risks identified relating to Human Rights and Fundamental Freedoms

The Group expanded its risk mapping by identifying the potential key Human Rights risks worldwide and in all markets⁽¹⁾. L'Oréal referred to the reporting framework of the

Guiding Principles on Business and Human Rights (UNGP Reporting Framework). This identification process takes into consideration the severity, scale, remediability and likelihood of its impacts for people throughout its value chain. This study was conducted with an NGO specialised in the area, providing an independent analysis, and was reviewed by different external stakeholders. As a result of this analysis, the following salient risks were identified in the context of the application of the French Law on Duty of Vigilance:

- child labour among the employees of the Group's Suppliers;
- forced labour among the employees of the Group's Suppliers;
- job discrimination because of gender, gender identity, age, disability and sexual orientation of the employees of L'Oréal and the employees of the Group's Suppliers;
- a lack of adequate wages⁽²⁾ for the employees of the Group's Suppliers; and
- a lack of a whistleblowing system for social dialogue, freedom of association and collective bargaining among the employees of the Group's Suppliers.

Other potential risks identified concern respect for the environment, the right to access water, consideration of Human Rights in the choice of raw materials and, in particular, respect for free, prior and informed consent of indigenous peoples and local communities.

⁽¹⁾ This paragraph incorporates by reference the information required by the CSRD standard (S2-4) for the sustainability report (sections 4.9.1 and 4.9.2.1 of the 2024 Universal Registration Document).

⁽²⁾ An adequate wage corresponds to the living wage, i.e., the level of income that provides adequate coverage for basic necessities (housing, health, food, education). It is calculated in line with best practices.

Applicable Rules on Human Rights

Subsidiaries and Suppliers must comply with the minimum core rules, which consist of the following rules that result from an analysis of the risks related to the business activities of the Group and its Suppliers.

Non-discrimination: Acts of discrimination are serious violations of Human Rights that remain anchored in all regions of the world in which L'Oréal is present. Discrimination related to gender, sexual orientation and gender identity, disabilities, family situation, age, political and philosophical opinions, religious beliefs, union activities, or related to ethnic, social, cultural or national origins or pregnancy are prohibited. L'Oréal bans pregnancy testing when employees are hired within the Group, and requires its Suppliers to comply with this standard.

Bullying and sexual harassment: Bullying and sexual harassment are prohibited in the Group.

Child labour: L'Oréal's presence in certain regions of the world that are particularly at risk for child labour, including Asia and Latin America, has led the Group to identify this issue as a priority. To take into consideration the vulnerability of young workers, L'Oréal has set the minimum hiring age at 16 years old. L'Oréal prohibits night work and work hazardous to health and safety for employees younger than 18 in its Subsidiaries.

Forced or compulsory labour: L'Oréal refers to the definition of forced labour set out in Convention 29 of the International Labour Organization: *"all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily"*. In certain regions of the world where L'Oréal operates, certain practices that violate internationally recognised Human Rights, such as holding the identity papers of migrant workers, are common. Any form of forced labour is prohibited. As a result:

- unless there is a legal obligation, employees' identity papers, passports or any other personal documents may not be held from them. In the event of a legal obligation, these documents must be returned to employees at their first request;
- employees may not be asked to pay for recruitment costs or to make cash deposits to obtain employment;
- if workers from foreign regions are hired, the employer must pay the costs related to these hires;
- the use of prison labour is possible only when it is voluntary within the scope of a professional reinsertion programme, and paid at the market rate. Suppliers must request authorisation from L'Oréal before they use this type of labour;
- security personnel must only ensure the safety of people and property; and
- any salary withholding must be strictly authorised by law. It may not under any circumstances be used for the purpose of confiscation, for the direct or indirect benefit of the employer.

Employees must have access to drinking water and toilet facilities. They must be free to move around their place of work, with the exception of areas to which access is restricted for confidentiality or safety reasons.

Working hours: Working hours, including overtime, may not exceed 60 hours a week for employees whose working time is monitored. All employees must also be granted at least one day of rest for every seven-day period, or two consecutive days of rest for every fourteen-day period. They must have reasonable breaks when they work.

Freedom of association and right to collective bargaining:

Violations of freedom of association and the right to collective bargaining, such as discrimination against employee representatives, may occur in all regions of the world in which L'Oréal operates. Employees' freedom of association and right to collective bargaining must be respected:

- elections of employee representatives must take place without interference from the employer, preferably by secret ballot;
- employee representatives have access to the work premises subject to safety and/or confidentiality requirements, if any; and
- discrimination against employees conducting union activities is prohibited.

In regions where freedom of association and the right to collective bargaining are limited or discouraged, L'Oréal authorises its employees to meet independently in order to discuss their professional concerns.

Additional actions for Human Rights

In addition to the action taken as a result of the risk analysis conducted on the business activities of the Group and its Suppliers, L'Oréal conducts initiatives in addition to those implemented under the French law on Duty of Vigilance. These are described in chapter 4 of the 2024 Universal Registration Document.

For example, L'Oréal set up actions with the aim to improve the working conditions of the Indian communities whose livelihood depends on the mineral mica. Since 2017, L'Oréal has been one of the 20 founding members of the Responsible Mica Initiative (RMI). This year, the RMI has 100 members. The RMI has three goals:

- implement standards on the responsible workplace on 100% of the supply chains of its members for mica from Bihar and Jharkhand (standards on employment, health, safety in the workplace, the environment and non-use of child labour);
- support the abilities of communities through an engagement programme that improves the standard of living and generates additional sources of income; and
- establish a legal framework and related control systems with mica pickers, processing units, and mica operators in Bihar and Jharkhand.

L'Oréal also participates in the development of the RMI audit standard to facilitate member collaboration and effectively put in place the collective actions necessary in cooperation with local authorities. L'Oréal also supports the establishment of a price calculated using the living wage approach in addition to diversified income contributing to more resilient living conditions.

L'Oréal requires its Suppliers to have their own due diligence processes in place as regards their own scope of supply of Indian mica. In 2024, 99% of Indian mica used in the Group's formulas came from suppliers committed to obtaining their supply from verified processing sites.

The Group has set up two ambitious programmes aimed at improving working conditions for the employees and communities our suppliers work with: the Living Wage and Inclusive Sourcing programmes.

Living Wage programme

In 2023, L'Oréal was awarded Living Wage Employer accreditation by Fair Wage Network, an international NGO, in recognition of its worldwide status as a committed Living Wage Employer.

As part of its commitment to fair pay for all of its employees, L'Oréal aims to ensure that all of the employees of its strategic suppliers are paid at least the living wage, in line with best practices.

In order to roll out this approach to its strategic suppliers, L'Oréal engages in dialogue, takes a collaborative approach and establishes common strategic frameworks with partners within its supply chains, other companies, civil society, governments, etc.

L'Oréal's programme for engaging its strategic suppliers in adhering to the principle of a living wage has been in place since 2022. It consists of a series of meetings over several months with a group of suppliers and partners, such as the Fair Wage Network, the Wage Indicator Foundation and the IDH Sustainable Trade Initiative. The purpose of the meetings is to discuss the Group's methodology and expectations, and for suppliers who have already adopted the approach, for them to give feedback on their experiences. This encourages companies to share best practices and talk about any potential difficulties. Suppliers are asked to commit to paying all their employees a living wage.

In 2024, personalised support had been put in place for 70% of the Group's strategic suppliers, and at the year-end more than 150 suppliers had pledged compliance by 2030. At end-2024, 6% of the Group's strategic suppliers had confirmed their compliance.

Inclusive Sourcing programme

With its many industrial and administrative sites all over the world, L'Oréal is heavily involved in the life of local communities and in the areas neighbouring its sites and suppliers through its Inclusive Sourcing programme, set up in 2010.

The programme harnesses the Group's purchasing power to promote social inclusion by allocating a portion of L'Oréal's total purchasing volume to committed suppliers, who give access to employment and a sustainable income to people from socio-economically vulnerable communities who are often excluded from the labour market. It also supports suppliers that traditionally struggle to access calls for tender from multinational companies.

The programme concerns all the Group's suppliers and values their commitment to diversity, equity and inclusion. The Inclusive Sourcing programme concerns, for example: fair trade producers, companies which employ people with disabilities, social insertion enterprises, or companies owned by minorities⁽¹⁾ (when this is permitted by national legislation).

The Inclusive Sourcing programme contributes to L'Oréal's goal of empowering 100,000 additional people who are socially or economically vulnerable to access employment by 2030⁽²⁾.

In 2024, an additional 71,349 people were supported in accessing employment through the Inclusive Sourcing programme and thanks to Fondation L'Oréal's Beauty for a

Better Life programme. Measures to improve the working conditions of beauty advisors

L'Oréal works with beauty advisors to promote its products at points of sale. Depending on the markets, they may be L'Oréal employees, distributor employees or employees hired through temporary employment agencies. Predominantly women, these advisors are in direct contact with consumers and may sometimes be faced with consumer or management behaviour that does not reflect L'Oréal's values. To improve their access to reporting tools, the Group has launched pilot projects in three markets.

For example, a mobile phone survey tool has been rolled out for all beauty advisors employed by a temporary employment agency as part of a pilot in a Group country. This revealed Human Rights issues, concerning working conditions, employment contracts and harassment, in particular. These topics were addressed in a dedicated action plan that included measures to improve contracts and to train beauty advisors, distributors and employers of these advisors on violence against women.

Other similar feedback tool projects are being considered, as the ultimate goal is to increase the coverage of this at-risk population.

Human rights actions – the rose sector in Turkey

In response to a Human Rights risk identified in relation to the rose sector in Turkey, L'Oréal joined the Harvesting the Future initiative launched by the Fair Labor Association (FLA). This initiative is aimed at improving working conditions and respect for Human Rights in the agricultural sectors in various countries, focusing on empowering seasonal agricultural workers and their families. Running until the end of 2026, the project in Turkey brings together various stakeholders, including the Turkish government, civil society organisations, processors, growers and companies in the beauty and fragrance sector, in order to provide support with establishing and strengthening systems for monitoring Human Rights in supply chains.

For further information about the results of the project to date, see the FLA website⁽³⁾.

Human rights actions – the jasmine-growing sector in Egypt

Following an alert and a series of Human Rights impact assessments carried out by independent specialists in 2023 in various regions worldwide, the Group identified risks of Human Rights violations in relation to jasmine harvesting in Egypt, and in particular a problem regarding child labour.

In response to this situation, the FLA, together with the Egyptian office of the International Labour Organization and more than 15 national and international producers and buyers of jasmine derivatives and products are working together to promote better child protection and decent working conditions in the jasmine sector in Egypt. The Egyptian government and several civil society organisations are also active partners in the project, which forms part of FLA's Harvesting the Future initiative.

(1) As part of the Inclusive Sourcing programme, L'Oréal supports suppliers who give access to employment to minorities recognised by the government standards of the country.

(2) Versus a base year of 2020.

(3) <https://www.fairlabor.org/projects/harvesting-the-future-of-rose-in-turkiye/>

Joint efforts to improve labour rights and local working conditions in the jasmine supply chain include strategies to promote fair pay and build the economic resilience of families; strengthen child protection measures and improve children's access to education and parents' access to childcare; improve processors' Human Rights due diligence systems; and generate governmental support for legal and policy initiatives, including social protection measures.

The FLA and ILO are actioning these measures on a local, on-the-ground basis in seven jasmine producing villages in the Gharbia region in Egypt, in collaboration with several local civil society organisations and jasmine suppliers.

4.2 Risks and Applicable Rules to prevent serious adverse impacts on Safety and Health in the workplace and the Environment

Analysis of Risks to Safety and Health in the workplace and the Environment⁽¹⁾

The risk analysis covers generic risks related to industrial activities and specific risks related to Suppliers' and Subsidiaries' own business activities.

Generic risk analysis process

As is the case for any production (manufacturing and packing), distribution, research and general administration operations, the Group and its Suppliers are exposed to safety and environmental challenges.

Based on the risk prevention work on the Environment, Health and Safety at the workplace carried out by L'Oréal for many years, the major risks below have been identified. On this basis, the Subsidiaries and Suppliers must define at each of their sites the measures designed to prevent the risks identified in the Plan (the "Prevention System").

Specific risk analysis process for Subsidiaries

The Subsidiaries conduct their own risk analysis based on the list of risks set out below, particularly the fire risk, which is controlled by very strict fire prevention standards (such as those issued by the National Fire Protection Association).

In addition to the generic risks, the Subsidiaries identify the specific risks related in particular to cosmetics production. For example, physical risks are the subject of SHAP (Safety Hazards Assessment Procedure) studies, which identify the dangers, generally and for each workstation, assess the risks and show the necessary means of control to be implemented. Environmental risks are also analysed to assess the nature of the aspects and impacts of a site's activities on its

environment and to control any that lead to potentially serious impacts for the air, soil, water, biodiversity and resources.

This environmental analysis is updated regularly by each of the Group Subsidiaries' sites and whenever a significant change takes place. If significant risks are identified or if L'Oréal's standards or regulations impose specific requirements, a more detailed evaluation is carried out for the activities concerned. Appropriate action plans, with immediate action where necessary, are implemented to reduce significant risks to an acceptable level.

With regard to water discharge, each industrial site has implemented a self-monitoring system representative of the wastewater discharged⁽²⁾. This self-monitoring is a tool for detecting risks of exceeding regulatory thresholds that helps to anticipate any non-compliance and launch corrective actions. A total of 29 L'Oréal factories have their own wastewater treatment plant. L'Oréal is installing more such plants.

The process safety risks are analysed using the HAZOP (HAZard and OPerability analysis) guide. This method focuses on operating conditions, or FMECA⁽³⁾, which analyses risks related to failures in the process at the different steps in production.

The results and means of controlling industrial and specific risks are summarised in the GHAP (Global Hazard Assessment Procedure) programme.

Specific risk analysis process for Suppliers

In addition to their own risk analysis, Suppliers refer, at the very least, to the risks listed in the audit grid provided by L'Oréal when the Mutual Ethical Commitment Letter is signed (see section 4.4.2.2 of the 2024 Universal Registration Document) to implement the appropriate prevention measures at each affected site. This grid was prepared in accordance with the list of the major risks described below and is applied during referencing and follow-up audits.

If the specific nature of the Suppliers' activity requires specific risks and/or additional prevention measures to be identified, the Suppliers are required to roll out these additional measures in accordance with best practices in their industry.

For example, in the subcontracting of finished products activity, specific risks may involve (i) the use of certain raw materials, (ii) wastewater treatment, (iii) the use of machines or electrical equipment in processing or storage areas, and (iv) handling techniques that may cause personal injury, in particular.

In the specific case of subcontracting suppliers of aerosol production or storage, bleaching powders or flammable products, the sites are subject to specific risks analyses concerning process safety.

(1) This paragraph incorporates by reference the information required by the CSRD standard (E2-1) for the sustainability report (section 4.3.3.2 of the 2024 Universal Registration Document).

(2) Monitoring of regulated and contractual parameters: chemical oxygen demand (COD), biochemical oxygen demand (BOD), etc.

(3) Failure Mode, Effects and Criticality Analysis.

Risks identified related to Environment, Health and Safety in the workplace

Risks of serious adverse impacts to Health and Safety in the workplace

- (i) Risks associated with buildings and the use of equipment:
 - soundness of buildings (construction and interior fittings, including the compliance of equipment with operating authorisations and building permits issued by local authorities in compliance with the applicable legislation and, in any event, adaptation to the activity for which the buildings are intended);
 - use of motorised forklift trucks and Automatic Guided Vehicles (AGV): risks caused by interactions and interference between forklift trucks, AGVs and pedestrians; and
 - injuries caused by interactions between humans and machines: risks related to access to the moving parts of work equipment.
- (ii) Risks related to energy sources, matter and materials:
 - exposure to energy sources, fluids and hazardous emissions including electricity, high pressure, steam, vapour, hot water and high temperatures;
 - fires resulting, in particular, from flammable products and materials or electrical equipment;
 - exposure to hazardous dust and chemical products: by inhalation, ingestion or skin contact; and
 - exposure to high noise levels.
- (iii) Risks related to human activities:
 - entry in confined spaces and/or the risk of anoxia;
 - isolated work: risks associated with working alone for long periods of time;
 - slipping and falls;
 - ergonomics of workstations related to load handling;
 - construction works (risks during construction activities); and
 - work at heights (risk of falls associated with the use of ladders and step stools, access to and work on platforms and roofs, use of lift tables and scaffolding, etc.).

Environmental risks

The Group's risks of causing serious damage to the environment correspond to risks related to the consumption of resources, greenhouse gas emissions or to causing damage to soil, water, air and biodiversity (habitats and species) that arise in the course of its routine operations, as well as the risk of occurrence of an incident at a site of its Subsidiaries or Suppliers (gradual or accidental pollution or an incident during the transport of hazardous materials).

Applicable Rules to prevent risks of serious adverse impacts on Safety and Health in the workplace and the Environment

EHS guidelines

The Group's Environment, Health and Safety (EHS) policy aims to minimise the impact on the environment and guarantee the health and safety of the employees of its subsidiaries and suppliers, its customers and the communities in which L'Oréal carries out its activities. For the Subsidiaries, this policy is built on an EHS management system composed of standards with stringent requirements that set the principles of L'Oréal's EHS policy, which is all included in the EHS guidelines.

Additional Environment, Health and Safety actions

In addition to the action taken as a result of the risk analysis conducted on the business activities of the Group and its Suppliers, L'Oréal conducts Environmental Health and Safety in the Workplace initiatives in addition to those implemented under the French law on Duty of Vigilance.

(i) Additional actions intended for Subsidiaries' sites

At its own sites, L'Oréal implements the LIFE (Life-changing Incident or Fatality Event) programme, which covers activities on all its sites that, if not controlled, could result in potentially serious injury and illness. The Group extends the ambition of moving towards "zero accidents" by ensuring the sustainability of actions and defining post-incident emergency preparedness requirements.

The overall goals of the L'Oréal for the Future programme include the following objectives for the Subsidiaries:

- Climate: reach 100% renewable energy⁽¹⁾ at all operated sites by 2025;
- Water: use 100% recycled and reused water in industrial processes by 2030.

These objectives are accompanied by monthly reporting of detailed indicators used to monitor variations in results in each of these areas and to identify potential anomalies and incidents. This reporting is also accompanied by a bi-annual programme to coordinate environmental projects. These projects are evaluated and prioritised in order to aim to achieve the L'Oréal for the Future objectives. The objectives, which are defined annually and linked to the monthly reporting, make it possible to assess the performance of each site, country and zone. A summary of the results of the L'Oréal for the Future programme is provided in section 1.4.2 of the 2024 Universal Registration Document.

The Group is engaged in a process of continuous improvement of its EHS performance through a programme to achieve ISO certification for its operated sites, in order to anchor the EHS policy for the long term: ISO 45001 for the management of employee health and safety and improvement in their working conditions; ISO 14001 for the management of environmental impacts and improvement in environmental performance; and ISO 50001 for energy management and energy performance improvement.

⁽¹⁾ At sites operated by the Group, apart from site safety and security equipment.

"Culture" audits are conducted by internal EHS specialists to assess the degree to which EHS culture has been rolled out to all Subsidiary employees. The results of these audits provide information on the level of knowledge of EHS management tools and the maturity of audited sites with regard to the safety and environment culture at all levels of the hierarchy.

Regular checks are carried out at sites operated by the Group to ensure that cooling gas, which is used for the production of cold (e.g., refrigeration units) and heat (e.g., heat pumps), have not leaked. A risk reduction strategy has been implemented following a comprehensive inventory of facilities that use cooling gas at sites. It is based on two pillars: detecting and managing leaks and replacing traditional cooling gases with alternative cooling gases with low global warming potential (or GWP).

(ii) Additional actions intended for suppliers

The Purchasing teams select suppliers according to competitiveness and in compliance with the responsible purchasing policy. Supplier assessments are managed by monitoring indicators included in the corporate social responsibility criteria, which is one of the five criteria for monitoring supplier performance.

As part of the overall goals of the L'Oréal for the Future programme, L'Oréal has set the following environmental objectives that concern suppliers or that could relate to their business:

- **Climate:** by 2030, reduce its Scope 3 greenhouse gas emissions from the Group's purchased goods and services, employee business travel, upstream transportation and distribution by 28% compared with 2019.

In order to engage suppliers in reducing the carbon emissions from their own activities, the Group asks them to develop their own climate transition plans, including objectives aligned with the Science Based Targets initiative (SBTi) or equivalent standards.

- **Water:** by 2030, ensure that all strategic suppliers use water responsibly in the areas where they operate. This involves monitoring suppliers' environmental performance in terms of water management (in particular their score on the CDP water questionnaire). L'Oréal encourages its suppliers to continually improve their performance and adopt ambitious measures to reduce their water consumption, optimise their use of resources and mitigate the impacts and risks related to their operations.
- **Biodiversity:** L'Oréal aims to ensure that:
 - the ingredients in formulas and biobased packaging materials are traceable and come from sustainable sources; and
 - the land cover required to produce its plant-based ingredients is maintained at 2019 levels.

Sustainable sourcing of raw materials:

As part of its Forest Policy, L'Oréal is committed to having a sustainable supply chain for **palm oil and palm oil derivatives**. To ensure sustainable sourcing while respecting Human Rights and mitigating the impact on biodiversity, the Group is developing a roadmap based on six commitments:

- Sourcing certified raw materials:

In 2024, 100% of the palm oil and 99.9% of palm oil derivatives purchased by the Group is Roundtable on Sustainable Palm Oil (RSPO) certified. This certification attests to compliance with environmental and social standards for sustainable palm oil production, including the protection of forests, workers' rights, local communities and indigenous peoples.

- Transparency in the palm oil value chain:

L'Oréal identifies the suppliers in its palm oil value chain through the Action For Sustainable Derivatives (ASD) coalition, which the Group co-founded in 2019. 98% of L'Oréal's 2023 volumes of palm oil was traced back to the refinery and 97% traced back to the mill.

- Analysis and management of associated risks:

This transparency enables L'Oréal to analyse the risks associated with its supply zones. The Group has set up satellite surveillance of supply areas around identified mills to detect potential cases of illegal deforestation. The overall risk identification system is rounded out by reports received from external stakeholders, media monitoring, and publications by the ASD grievance taskforce.

In the event of a suspected violation of its Forest Policy, L'Oréal addresses the issues with its suppliers, in particular by sending them a list of mills potentially linked to cases of deforestation or unresolved alerts. The Group asks its suppliers to engage these mills in the investigation and resolution of the cases concerned or, if this is impossible, to suspend their business relations with the mills.

More specifically with regard to Human Rights, L'Oréal worked with an NGO on strengthening its risk identification in this value chain. As a result of this work, since 2022 L'Oréal has supported the ASD Respect In Palm programme, which promotes gender equality and measures to combat gender-based violence.

- Active involvement of suppliers:

L'Oréal assesses its palm oil suppliers using the Sustainable Palm Index (SPI) – a measurement tool developed as part of the Group's work with the ASD. It is used to assess each supplier's progress and compliance with Group requirements. It covers traceability, certification, Human Rights, deforestation and sector-based engagement. The SPI score is incorporated into annual supplier assessments.

- Support for independent smallholders:

L'Oréal is committed to supporting independent smallhold farmers connected to its value chain. For example, it is involved in five field projects run by NGOs in Indonesia and Malaysia. These projects are designed to support small-scale growers in adopting better farming practices, in particular the principles of regenerative agriculture, in order to improve their financial resilience, while reducing their negative environmental impact.

- Contributing to the transformation of the sector:

L'Oréal participates in several sector coalitions, driven by its firm belief that collaborative action yields results. In line with this approach, in 2019, L'Oréal cofounded the ASD to collectively address the specific complexity of the palm oil derivatives market. Comprising 36 members, the ASD is committed to value chain transparency, risk analysis, supplier engagement and sector transformation.

For streams of renewable raw materials not part of the palm oil chain, which represent 21% of the portfolio of renewable raw materials in volume and 71% in number. L'Oréal has defined sustainable sourcing criteria to assess the sustainability of renewable raw material streams. These indicators were defined using environmental, social and economic indicators from external databases⁽¹⁾.

These indicators are consolidated within the SCAN (Sustainable Characterisation) Index, allowing the Group to prioritise the implementation of its sustainable sourcing action plans. The Group updates the information collected regularly.

L'Oréal's aim is for all of the Group's supplies of renewable raw materials to derive from sustainable sources.

To achieve this, L'Oréal launched a support and training programme for more than 200 suppliers on the issues of sustainable sourcing of raw materials in order to guarantee the traceability of the raw materials delivered to L'Oréal and ensure the associated streams are secure. Depending on the level of environmental and/or social risk identified on these streams, suppliers are asked to apply the field audit procedure for producers (88 indicators). This procedure was developed by L'Oréal with the support of the Rainforest Alliance NGO and reviewed in 2019 by EcoCert, the Biodiversity Consultancy and the Danish Institute for Human Rights. Suppliers are also encouraged to demonstrate their sustainability practices via sustainable sourcing certifications (Fair for Life, SAN/ Rainforest Alliance segregated model). With regard to biodiversity, of the 389 plant species that are the source of the renewable raw materials used by the Group, around 4% present significant challenges (endangered species, impact of production on natural environments) depending on their geographic origin and the method of extraction or production used. They are the subject of specific action plans set up with Suppliers and, if necessary, systematic support from independent external third parties to help manage the real impacts on the areas from which these ingredients are sourced.

Regarding plastics, L'Oréal has taken, and is continuing to take, action in the following domains to reduce its overall plastic footprint: (1) packaging, (2) microplastics in the formulas of its products, (3) point-of-sale furniture, (4) transport and (5) plastic waste generated by its factories and warehouses. As part of the L'Oréal for the Future programme, the Group is seeking to use recycled or biobased plastic for its packaging and to increase the use of refillable, reusable, recyclable and/or compostable packaging. Similarly, L'Oréal has set itself the objective of eco-designing its advertising displays, in line with the Group's sustainability principles.

In addition to ecodesign measures carried out by research laboratories, Operations teams and brands, this commitment requires the involvement of a range of stakeholders (companies located at different levels of the value chain, research institutions and public authorities).

In order to reduce the footprint of its packaging, particularly in terms of plastic, L'Oréal has adopted a strategy known as the "3Rs":

- Reduce the intensity (weight and size of packaging) of the packaging used for its products, including plastic packaging;
- Replace fossil-based plastics with other materials that have less of an impact on the environment; and
- Recycle by designing recyclable packaging and increasing the use of recycled plastic.

To do this, L'Oréal takes action at the design level of its products and develops circular economy measures that respect the environment and social rights.

Its approach to reducing the plastic content in packaging is based on the following pillars:

1. Reducing the intensity of packaging used by the Group, particularly plastic packaging;
2. Replacing fossil-based plastics with other materials that have less of an impact on the environment, such as composite packaging or by developing shampoo bars; and
3. Promoting reuse (solutions must be analysed with regard to their overall environmental impact and the packaging life cycle as a whole and must be compatible with health protection and the proper conservation of products).

In addition to reducing its use of plastics, L'Oréal intends to reduce the environmental impact of the remaining plastics it uses by means of recycling. Recycling helps to reduce carbon emissions associated with the production of virgin plastic and to improve waste management by preventing litter, as plastics are collected and sorted for recycling. To this end, L'Oréal promotes the implementation of Extended Producer Responsibility (EPR) initiatives in countries in which this sector is underdeveloped.

L'Oréal has had a health and safety policy for the materials used in its packaging for 20 years. It specifies the conditions for acceptance or rejection of substances that may be present in our packaging, regardless of the material. This policy is updated annually in line with regulatory developments and scientific progress, and each supplier agrees to fully comply with regard to the packaging used in the Group's products. Quality auditing is carried out to ensure compliance.

The Group has begun working on this value chain, particularly with suppliers of plastic packaging and recycled plastics, by involving them in analysing and mitigating upstream social risks. All recycled plastic producers used by the Group's packaging suppliers undertake to comply with the Group's standards and commit to this by signing the Mutual Ethical Commitment Letter. A social audit is carried out at each recycled plastic supplier factory located in a high-risk country. A social audit demonstrating compliance is a prerequisite for any commercial relationship between recycled plastic suppliers and the Group's plastic packaging suppliers. Conscious that transforming the sector requires the cooperation of all of its stakeholders, including suppliers of plastic packaging, recycled plastics and other end products, the Group maintains active dialogue with numerous stakeholders in order to shift the industry towards responsible sourcing.

Once sources have been analysed, social audits are conducted at recycling sites based in high-risk countries in accordance with the Group's social audit procedure.

- Commitment of suppliers to self-assess and move forward with action plans through CDP.

L'Oréal actively works with its suppliers to help them improve their performance in terms of sustainability.

In 2007, L'Oréal joined the CDP supply chain programme for greater transparency in the actions of its suppliers and to monitor suppliers' progress with regard to L'Oréal's objectives. In 2014, participation in the CDP Climate programme was made compulsory by L'Oréal for all strategic suppliers. The aim is to measure and report their emissions, set targets for

(1) The UNDP's IHDI, the EPI from Yale University, and the Verisk Maplecroft Country Index.

reducing these emissions and communicate their action plans to achieve this objective successfully.

- Suppliers' commitment to self-assessment and improvement through corrective actions recommended by EcoVadis: By participating in the EcoVadis assessment, L'Oréal suppliers evaluate their environmental and social policies thanks to the expertise and recommendations of EcoVadis analysts qualified in multi-sector risk analysis. This assessment is useful for the continuous improvement of suppliers, and also contributes to the transparency of industry practices, as well as to the rating of suppliers' environmental and social performance. In total, 96% of strategic suppliers have been assessed by EcoVadis.

(iii) Additional actions related to climate change

Since 2007, the Group has carried out an annual greenhouse gas (GHG) emissions assessment in order to monitor and report its emissions and identify action plans to reduce its carbon footprint. This assessment is conducted in accordance with the Greenhouse Gas Protocol (GHG Protocol) rules, the international reference method for recording GHG emissions.

At end-2024, the Group's total GHG emissions (using the market-based method) were estimated at 7,260,479 tonnes of CO₂ equivalent, breaking down into the following categories:

- Scopes 1 & 2 emissions: 73,017 tonnes of CO₂ equivalent;
- Scope 3 emissions: 7,187,462 tonnes of CO₂ equivalent.

In response to the climate emergency, L'Oréal drew up a climate transition plan in 2023, whose pathway was validated by the Science Based Targets initiative (SBTi) in 2024. This plan is aimed at reducing the Group's Scopes 1, 2 & 3 emissions over time horizons up to 2030 and 2050, in line with the requirements of the Corporate Net Zero guidelines and the recommendations of the Intergovernmental Panel on Climate Change to limit global warming to 1.5°C. The objectives of the plan are to:

- By 2030, reduce Scopes 1 & 2 carbon emissions by 57% and Scope 3 carbon emissions by 28% for goods and services purchased by the Group, business travel, upstream transportation and distribution; and
- By 2050, reduce total emissions by 90%, with residual emissions offset to achieve net zero.

The Group's decarbonisation levers for achieving these objectives over the time horizon up to 2030 are as follows:

For Scopes 1 & 2:

- Improve the energy efficiency of operated sites;
- Reach 100% renewable energy at operated sites and stores⁽¹⁾;
- Continue to switch the vehicle fleet to EVs.

For Scope 3:

In addition to the above decarbonisation levers, the Group has the following levers to encourage and help suppliers reduce the emissions related to their own activities, and strengthen the transparency and monitoring of their emissions:

Packaging:

- Continue to reduce the weight of packaging;
- Increase the proportion and availability of reusable and refillable formats;
- Increase the proportion of recycled materials in packaging;
- Promote low-carbon decor techniques and processes;
- Encourage and help packaging suppliers to reduce the emissions related to their activities, and increase the transparency and monitoring of their emissions.

⁽¹⁾ Operated sites, excluding safety and security equipment.

Formulas used in finished products:

- Promote the use of plant-based ingredients as an alternative to petrochemicals;
- Replace carbon-intensive ingredients;
- Reduce the impact of aerosol propellant gases;
- Continue to fight deforestation and promote sustainable and regenerative agricultural practices;
- Encourage and help ingredient suppliers to reduce the emissions related to their activities, and increase the transparency and monitoring of their emissions.

Digital marketing:

- Reduce the impact of producing digital advertising content;
- Increase the usage rate of digital advertising content;
- Optimise digital advertising content formats to reduce the impact of their distribution;

Point-of-sale (POS) advertising:

- Promote the adoption of eco-design practices and tools for POS advertising;
- Promote lighter-weight POS advertising, the use of monomaterials and a higher proportion of recycled materials, and limit the amount of waste generated;
- Continue to reduce electricity consumption for permanent POS displays.

Logistics:

- Reduce the proportion of air freight by replacing it with sea and rail freight;
- Use multimodal transport;
- Optimise fill rates;
- Use lower-emitting engines and fuels.

Business travel:

- Reduce the impact of employee business travel through a dedicated travel policy.

Financial resources for achieving the Group's climate objectives:

A management standard, which is deeply integrated into the budget processes, ensures that each L'Oréal entity takes sustainability factors into account in its financial planning, including decarbonisation efforts. However, while this holistic approach is effective for understanding the effects for the Group as a whole, it does not separate out investments specifically dedicated to climate transition, particularly those related to Scope 3 emissions, which are often included in entities' operating budgets.

L'Oréal is actively working to refine its methodologies for monitoring and reporting on these investments more accurately, but is not currently in a position to report on specific amounts for future investments related to decarbonisation. With regard to the Group's Scopes 1 & 2 emissions – which now account for 1% of its total emissions – it is important to note that these emissions have already been reduced by 51% compared with 2019 thanks to substantial investments in previous years, and currently represent only a limited part of the Group's overall commitment to sustainability. As a result, the €78 million of eligible CapEx (excluding leases) currently recognised under the European Taxonomy's climate change mitigation objective does not fully reflect the breadth and depth of the transformation of L'Oréal's business.

5 Effective application and compliance with the Plan

The Plan includes effective application measures intended to ensure that the Applicable Rules are properly implemented by Subsidiaries and Suppliers. Monitoring of compliance with the Plan is carried out through audits and analyses performed by external service providers or by Group teams. Subsidiaries and Suppliers are asked to carry out self-assessments.

5.1 Effective application of the Plan

Adoption of Applicable Rules

(i) Adoption of Applicable Rules by Subsidiaries

The Applicable Rules are included in the Group's Internal Rules to ensure they are effectively implemented by Subsidiaries. For this purpose, compliance with the effective application of the Plan is based on control activities in accordance with the applicable legislation. The communication of Applicable Rules to Group employees is described below. Social audits are conducted at the Group Subsidiaries' industrial sites by a third-party company for the purpose of verifying that the Applicable Rules are implemented correctly.

(ii) Adoption of the Applicable Rules by Suppliers

Suppliers undertake to comply with the Applicable Rules. The principal Suppliers sign the Mutual Ethical Commitment Letter, which covers these applicable Rules. Moreover, the Suppliers likely to present the most significant risks because of their activity or geographic location may be audited on these issues in accordance with the Risk Matrix. The contents of the points that will be audited are set out in the letter.

Governance

L'Oréal's commitment to Human Rights and Fundamental Freedoms, the Health and Safety of people in the workplace and the Environment is supported at the highest level of the Company by its Chief Executive Officer, who renews L'Oréal's commitment to the United Nations Global Compact each year. These commitments are also set out in the Group's Code of Ethics and the Human Rights and Employee Human Rights Policy.

(i) Governance of Human Rights and Fundamental Freedoms

The Chief Corporate Responsibility Officer, a member of the Executive Committee, is responsible for overseeing the respect of Human Rights and Fundamental Freedoms in the Group. This mission has been entrusted to her by L'Oréal's Chief Executive Officer, to whom she reports.

The Chief Corporate Responsibility Officer has a budget and a dedicated team of Human Rights experts. She consults all the Group's teams and resources in carrying out her work.

A dedicated network of Human Rights Correspondents covering all of the Group's markets allows the Group's commitments in terms of Human Rights to be rolled out.

The Human Rights Committee, chaired by the Chief Corporate Responsibility Officer and comprising representatives of the various activities, functions and geographic areas (including Purchasing, HR, CSR, Safety, Security, etc.), is a forum for coordination and discussion on the implementation of the Group's Human Rights policy. Its

primary objective is to promote the emergence of a Human Rights culture within the Group.

Country Managers (or, for Corporate or Zone staff, the members of the Group's Executive Committee to whom they report) are responsible for ensuring compliance with Human Rights and Fundamental Freedoms.

The Human Relations teams are responsible for ensuring that the activities of the Subsidiaries respect employees' Human Rights and Fundamental Freedoms.

Employees may contact their manager, their Head of Human Relations, their Legal Director, their Purchasing Director, their Human Rights Correspondent, their Ethics Correspondent and, ultimately, the Chief Ethics, Risk and Compliance Officer if they have any questions about compliance with the Applicable Rules

The Purchasing teams ensure that Suppliers' activities respect Human Rights and Fundamental Freedoms. Suppliers included in the Risk Matrix are not listed in L'Oréal's Supplier database until they have contractually committed to comply with the Applicable Rules. During Management Committee meetings that include representatives from all Zones and purchasing areas, the Purchasing teams discuss the results of audits, their consequences for business relationships, and the related actions plans to achieve continuous improvement of results at the Group's Suppliers.

(ii) Governance of Environment, Health and Safety (EHS) in the workplace

The Chief Operations Officer, reporting to the Chief Executive Officer and a member of the Executive Committee, is responsible for the general policy to prevent serious adverse impacts on the environment, and health and safety. The implementation of this policy is the responsibility of the Group's Subsidiaries and Group Sites. The Chief Operations Officer is supported by and delegates the rollout and monitoring of the policy to:

- factory and distribution centre managers who are responsible for the rollout and effective implementation of the policies defined by the Group. Their remuneration is partly linked to their performance in the areas of the environment, health and safety in the workplace;
- EHS managers who are trained and dedicated to compliance with the EHS policy. They are responsible for rolling out the rules, procedures and associated performance objectives of the Group in all of its entities; and
- Country Operations managers who are responsible for compliance with the EHS policy by the distribution centres, the administrative Sites and stores in their country.

The Purchasing teams are responsible for collecting Suppliers' confirmation that they accept the Applicable Rules via the Mutual Ethical Commitment Letter.

They use audits carried out by third-party companies to ensure that Suppliers included in the Risk Matrix implement the prevention measures for EHS risks. As for Human Rights, the Purchasing teams discuss, during Management Committee meetings that include representatives from all Zones and Purchasing areas, the results of audits, their consequences for commercial relations, and the related actions plans to achieve continuous improvement of results at the Group's Suppliers.

Communication and training

Communication of the Applicable Rules and training of the teams involved supplement and support the effective application of the measures set out in the Plan by L'Oréal's Subsidiaries and Suppliers.

(i) Communication on Human Rights and Fundamental Freedoms

Human Relations teams are informed of the Applicable Rules by their line manager.

All new Group employees must receive a hard or electronic copy of the Group's Code of Ethics and must confirm that they have read it. Employees must be reminded of the Code of Ethics and its contents on a regular basis. Any employee in contact with Suppliers must receive L'Oréal's The Way We Work with our Suppliers guide when they are hired.

It explains the ethical standards that apply to Supplier relations.

An internal Ethics website is available to employees. An annual Ethics Day, including Human Rights, has been held since 2009. The day is a chance for employees to discuss matters such as respect for Human Rights and Fundamental Freedoms via a livestream with L'Oréal's Chief Executive Officer and the other members of the Executive Committee. Discussions on Ethics are also organised in the Subsidiaries for employees to engage in conversations with their Subsidiary's Chief Executive Officer.

In 2024, over 35,000 people logged on to Ethics Day sessions and more than 5,000 questions were submitted worldwide.

With respect to Suppliers, in addition to the communication of Applicable Rules via the Mutual Ethical Commitment Letters, they are given access to the following documents⁽¹⁾:

- the Code of Ethics; and
- L'Oréal's policy on Suppliers/subcontractors and child labour.

(ii) Training on Human Rights and Fundamental Freedoms

A new version of the specific, compulsory e-learning course on Ethics and Human Rights was launched in July 2023. It contains a range of interactive content and exercises and participants are reminded about the utmost importance that Group top management places on respect for Human Rights. In particular, it includes practical case studies to resolve, some of which can be customised according to the role selected by the user. The aim is for all employees across all departments to complete this training.

New buyers receive compulsory training on Responsible Purchasing to learn about how to ensure respect of the Group's Ethical Principles.

A training course on Supplier audits, detailing the applicable audit procedure, is also available for all buyers. A version adapted for Suppliers is available on the website for strategic suppliers.

(iii) Communication about Environment, Health and Safety in the workplace

EHS managers are informed of the Applicable Rules by their functional hierarchy.

Group Sites are encouraged to hold a day dedicated to EHS to raise awareness among all employees about the risks to which they are exposed and suitable prevention measures, in addition to specific local actions.

A Group awareness-raising campaign about major safety risks, rolled out over three years, and the implementation of a specific topic every four months, serve to develop employee awareness of risks over time.

A monthly newsletter for the Group's EHS managers and their team leaders helps track performance and share best EHS practices.

(iv) Training on Environment, Health and Safety in the workplace

Training sessions dedicated to L'Oréal's EHS policy and practices have been provided at all levels of the Company, as well as for temporary workers and subcontractors working on Group sites. They are one of the cornerstones in the implementation of risk identification and management systems, and the dissemination of an EHS culture in all Group entities.

EHS training includes the various training initiatives for Health and Safety in the workplace and the Environment and covers general EHS training, EHS training by function and specific EHS training.

General EHS training includes:

- core general training completed, for example, when a new employee arrives at a Site (L'Oréal administrative staff or temporary staff) regardless of their position; and
- fire safety training, first aid, pollution prevention, recycling, general EHS awareness raising, etc.

EHS training by function refers to training specific to a given role or activity (for example, all of the filling and packing staff of a factory).

Specific EHS training refers to EHS training for a particular workstation and the activities carried out by the employee.

In terms of ergonomics, a "Manual handling" e-learning course is provided to all employees.

A high level of expertise for global EHS Teams and the development of an EHS culture for "Top managers", managers and supervisors is assured via the rollout of training specific to each person.

In connection with the Environmental pillar of the L'Oréal for the Future programme, a training module called "Green Steps for All" has been launched, addressing the challenges related to climate, water, biodiversity and resources, as well as a second module called "Going Sustainable Together", designed to help drive the transformation of L'Oréal's businesses. It is intended that all the Group's employees will receive this training.

⁽¹⁾ These documents are available to the public from the L'Oréal website.

5.2 Monitoring compliance with the Vigilance Plan

Risk hierarchy of non-compliance with the Applicable Rules

The risk hierarchy is used to enhance controls on compliance with the Applicable Rules⁽¹⁾ by defining procedures for monitoring compliance with the Rules that are consistent with the risks, including via a policy of third-party audits, monitoring and evaluation of Suppliers conducted by third-party companies such as EcoVadis. The Group's vigilance is strengthened in circumstances where conflict is involved, in line with applicable international standards.

As far as Subsidiaries are concerned, the risk hierarchy of non-compliance with the Applicable Rules was developed to take into account the type of activity and the type of Site⁽²⁾, in that order.

With respect to the Suppliers, the risk mapping of non-compliance with the Applicable Rules was drawn up for Human Rights, Fundamental Freedoms, the environment, and

health and safety in the workplace using a methodology that takes the following parameters into account:

- The country in which the Supplier's sites are located: a country is considered to be exposed to risk in terms of Human Rights and Fundamental Freedoms, and environment, health and safety if it meets at least one of the following criteria:
 1. the country is classified as "High risk" or "Extreme risk" according to the criteria of the consultancy firm Verisk Maplecroft: 12 evaluation indices are used in this methodology and aggregated in a single grade compared with the threshold values set by Verisk Maplecroft; and
 2. the results of social audits conducted by L'Oréal in the country include cases of Zero Tolerance or Need Immediate Action (NIA) rating corresponding to the most severe failures to comply.
- The business sector: each Supplier is associated with a sector according to a governance ranking of Purchases ("Global Purchasing Categories").
- The type of operation: the activities most heavily exposed to labour risk are the activities with high manual added value, implying work on a production line.

⁽¹⁾ This paragraph incorporates the information required by the CSRD standard (S1-14 et S2-4) for the sustainability report (section 4.7.2.2.3 et 4.9.2.1 of the Universal Registration Document).

⁽²⁾ Type of activity: administration, manufacturing, distribution, etc. Type of site: administrative offices, factories, distribution centres, research centres, etc.

MATRIX TRIGGERING SUBSIDIARY AUDITS

Country type	Sites audited
All countries	Manufacturing sites, distribution centres, R&D sites and administrative sites

MATRIX TRIGGERING SUPPLIER AUDITS ACCORDING TO RISK MAPPING

Business sector	Description of business sector	Type of country	Suppliers audited
Raw materials	Suppliers of ingredients used to produce cosmetics in L'Oréal factories	Countries classified as "high risk"	100% of Suppliers
Packaging	Suppliers of packaging used for production in L'Oréal factories	Countries classified as "high risk"	100% of Suppliers
Subcontractors	Suppliers producing cosmetics for L'Oréal (Full-buy, Full-service, etc.)	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "Satisfactory" or "NCI" (Needs Continuous Improvement) rating is achieved, additional audits are no longer mandatory
		Countries classified as "high risk"	100% of subcontractors
Dermo-cosmetic devices	Suppliers of equipment & electronics	Countries classified as "high risk"	100% of Supplier Production Sites
Manufacturing equipment	Suppliers of manufacturing equipment designed for L'Oréal's sites (processing tanks, filling machines, etc.)	Countries classified as "high risk"	100% of Supplier Production Sites
Promotional items	Suppliers of promotional items (bags, etc.)	Countries classified as "high risk"	100% of Supplier Production Sites
Items intended for points of sale	Suppliers of items intended for the presentation of products at points-of-sale	Countries classified as "high risk"	100% of Supplier Production Sites
Co-packing	Co-packing Suppliers (or Co-Packers)	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "satisfactory" or "NCI" (Needs Continuous Improvement) rating is achieved, additional audits are no longer necessary
		Countries classified as "high risk"	100% of Supplier Production Sites
Logistics service providers (excluding transport)	External distribution centres	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "Satisfactory" or "NCI" (Needs Continuous Improvement) rating is achieved, additional audits are no longer mandatory
		Countries classified as "high risk"	100% of Suppliers' logistics sites

Audit and self-assessment system

(i) Audits

Audits of Applicable Rules: Audits of Applicable Rules are used to check that the Plan is correctly implemented by the Subsidiaries and Suppliers included in the Risk Matrix. Audits are done by specialist external companies. When a Subsidiary or Supplier is audited, the process is carried out in accordance with the Risk Matrix set out above. A written audit report is prepared. With respect to the Subsidiaries, the reports are stored in a secure database available to the Group's Heads of Human Relations and to the Country Operations Directors, in some cases. The reports on Suppliers are intended for Group buyers.

EHS audits specific to Subsidiaries: to ensure compliance with the Group's EHS policy, a system of worldwide audits has been in place since 1996, and was reinforced in 2001 with the presence of external auditors who are experts in the local environment and regulations. These audits take place regularly on each L'Oréal site: every three years for production sites and every four years for distribution centres, administrative sites and research centres. If the result of the audit does not meet the standard required by the L'Oréal guidelines, a specific interim audit is scheduled for the following year. Every year, the teams responsible for EHS risks review the audit results and identify general improvement plans. Improvement plans specific to the audited Sites are set up immediately after the end of the audit. Any emergency measure intended to prevent an imminent risk for the health of persons at the Site is implemented by the Site EHS teams without waiting for the completion of an audit even if it is not part of the improvement plan in place, if any. Various audit grids – "risk", "culture" and "combined risk and culture" – are used depending on the maturity and type of activity at the Sites. They assess in particular:

- compliance of practices and facilities with the Group's rules and procedures;
- progress in terms of EHS performance;
- any risks that the sites may present from an EHS standpoint; and
- the level of management and dissemination of an EHS culture on the Sites.

Each risk finding is classified in one of three categories A, B and C according to a matrix of level of impact/probability of occurrence. "A" findings are monitored monthly and consolidated annually by risk type.

The monthly reporting of safety and environmental data also feeds into consolidation and analysis of any anomalies and incidents leading to non-compliance with regulations, complaints and/or fines.

Three types of audit specific to Suppliers:

- initial audits: first audits conducted, which are a prerequisite to the start of the relationship with a new Supplier;
- follow-up audits: audits done 12 to 24 months maximum after the needs immediate action request (NIA), depending on the severity of the case of non-compliance found; and
- confirmation audits, three years after the initial audit.

The possible outcomes of the audits are as follows:

- **Satisfactory:** all criteria conform to the Applicable Rules and the best practices are highlighted;

- **Needs Continuous Improvement (NCI):** minor cases of non-compliance were found, but they do not have an impact on employee safety or health;
- **Needs Immediate Action (NIA):** cases of non-compliance were reported either because they are serious, because they are recurring or have a potential impact on the health and safety of employees;
- **Zero Tolerance (ZT):** reported, for example, in the event of a critical case of non-compliance related to child labour, forced labour, physical abuse, restricted freedom of movement, an immediate risk of accident for employees or attempted bribery of the auditors⁽¹⁾; and
- **Access Denied:** reported when the audit is refused (for example in the event of refusal to provide partial or full site access to the auditors).

In case of non-compliance (Needs Continuous Improvement, Needs Immediate Action or Zero Tolerance), corrective action plans must be implemented which are then audited at the level of the Subsidiary or Supplier. Failure to implement a corrective action plan can, in the case of a Subsidiary, result in an alert being sent to the Country Manager. Subsidiaries can decide to link part or all of the remuneration of their managers and/or of their performance evaluation to the implementation of the Applicable Rules.

In the case of Suppliers, serious cases of non-compliance (Needs Immediate Action, Zero Tolerance and Access Denied) or the failure to implement corrective action can result in the refusal to list a new Supplier or the suspension or termination of business relationships with a listed Supplier.

In the event that the existence of cases of non-compliance with the Applicable Rules is reported, a specific audit may be launched. Visit reports are issued as part of the process of routine visits made to Suppliers. They can result, if necessary, in additional audits.

Specific EHS audits of subcontractors' sites

Additional specific EHS audits are conducted by independent third parties for subcontractor sites for aerosol production or storage, bleaching powders and flammable products under the criteria defined by L'Oréal, which are similar to those used for the Group's sites. These audits are triggered when Suppliers are first listed or approved and are followed up via audits conducted between 12 months and 36 months maximum after the immediate improvement request (NIA), depending on the severity of the case of non-compliance found, and again at the time of confirmation, five years after the initial audit.

The results of these audits are the same type as those previously described: satisfactory, NCI, NIA and ZT.

Serious cases of non-compliance (Needs Immediate Action, Zero Tolerance and Access Denied) or the failure to implement corrective actions can result in the refusal to list a new Supplier or the suspension or termination of business relationships with a listed Supplier.

All the main cases of non-compliance found are monitored and consolidated annually by risk type.

In the event that the existence of cases of non-compliance with the Applicable Rules is reported, a specific audit may be launched. Visit reports are issued as part of the process of routine visits made to Suppliers. They can result, if necessary, in additional audits.

⁽¹⁾ It should be noted that the concept of attempted bribery mentioned in the audit report refers to an attempt to bribe the auditor and not to the fact that the supplier may have been involved in a bribery case.

Additional procedures: L'Oréal also uses analyses and ratings provided by EcoVadis, an analytical company, to evaluate the policies implemented by the Suppliers in relation to the issues covered by the Plan, among others. This evaluation is an indicative guide that can be added to the audits described above. By participating in the EcoVadis assessment, L'Oréal compares its environmental and social policy with the expertise and the recommendations of external auditors qualified in the analysis of multi-sector risks. This is a useful rating for the continuous improvement of L'Oréal's programme, it also contributes to the transparency of industry practices. This assessment is used to select suppliers by taking their environmental and social performance into consideration. L'Oréal is a co-founder of the Responsible Beauty Initiative (RBI), a sector initiative created in 2017 with EcoVadis. It brings together eight major players in the cosmetics industry for the sustainable transformation of the entire beauty supply chain.

(ii) Self-assessment system

Human Rights and Fundamental Freedoms: an annual ethics reporting system is used to monitor the implementation of the Applicable Rules in the Subsidiaries, particularly with regard to Human Rights and Fundamental Freedoms.

Environment, health and safety in the workplace: the Management Committees of L'Oréal Sites have tools for the self-assessment of their practices based on the audit standards provided to them. They can then produce an improvement plan, if required. These self-assessments are input data in the EHS risk audits.

To steer performance:

- every year, each Subsidiary site defines and revises its safety and environmental roadmaps to achieve the targets set by the Group and tracks its EHS indicators monthly;
- at Group level, the indicators are consolidated monthly by region and as a whole for the Group's results; and
- a Greenhouse Gas Assessment is prepared annually (in accordance with the GHG Protocol).

6 Whistleblowing and reporting system

Speak Up, L'Oréal's whistleblowing system, has been in place since 2008. It gives employees and stakeholders access to a secure website that they can use to raise any concerns they may have, including serious infringements of Human Rights and Fundamental Freedoms, the health and safety of people at work, and respect for the environment, with the Chief Ethics, Risk and Compliance Officer in a secure, effective manner that provides all the guarantees of confidentiality necessary for the reporting of potential breaches. Any

allegations expressed in good faith are examined in detail and adequate corrective measures are taken, if applicable. Employees have several other methods of raising their concerns (line management, dedicated local hotlines, etc.). The whistleblowing line was opened to employees in 2008, and then to stakeholders in 2018. Information campaigns about the whistleblowing system are organised on a regular basis.

7 Update on effective implementation of the Plan

This section provides the 2024 results of the application of the Plan for Subsidiaries and Suppliers.

7.1 General results of whistleblowing and reporting systems

In 2024, 780 alerts were raised through the whistleblowing system, including:

- 38 on sexual harassment, 23 of which were proven, in whole or in part, and which resulted in ten departures from the Group;
- 87 on bullying, 12 of which were proven, in whole or in part, and which resulted in two departures from the Group;

- 57 on discrimination, 11 of which were proven, in whole or in part, and which resulted in seven departures from the Group;
- 40 on health and safety, 7 of which were proven, in whole or in part, and which did not result in any departures from the Group; and
- 3 on the environment, neither of which were proven, in whole or in part.

7.2 Results of the application of the Plan to Subsidiaries

Adoption of the Applicable Rules by the Subsidiaries

The Applicable Rules are incorporated into the Group's Subsidiaries' internal rules. Employees learn through an online training programme on Ethics. At the end of 2024, 83% of the relevant employees had completed this training programme.

All EHS managers and everyone working in a factory or distribution centre are trained in the Applicable Rules on EHS. All new employees are trained in the Rules on EHS, regardless of their work location.

Monitoring and control system in respect of Human Rights

A total of 30 Group factories and distribution centres worldwide have been audited on their compliance with the Group's Human Rights Rules, apart from on compliance with health and safety rules, which is subject to specific separate audits.

- The compliance audit results in relation to L'Oréal's own workforce are as follows:
 - (i) child labour: the audits did not reveal any cases of non-compliance;
 - (ii) forced labour: the audits did not reveal any cases of non-compliance;
 - (iii) freedom of association: the audits did not reveal any cases of non-compliance;
 - (iv) non-discrimination: the audits did not reveal any cases of non-compliance;
 - (v) working hours: (a) the audits revealed that overtime was sometimes imposed on employees at two separate sites, in compliance with local legislation; (b) two audits revealed that two employees had exceeded the overtime limit provided for in the Employee Human Rights Policy, by two and four hours respectively. Action plans have been drawn up to ensure that overtime is voluntary and that the limits on working hours set out in the Employee Human Rights Policy are respected. Control audits on the implementation of these action plans will be performed in 2025;
 - (vi) wages and charges: the audits did not reveal any cases of non-compliance;
 - (vii) sexual harassment and bullying: the audits did not reveal any cases of non-compliance;
 - (viii) disciplinary practices: an audit revealed that one site's internal disciplinary rules had not been certified by the competent administrative authority, which is mandatory under local law. A plan was drawn up to remedy this situation within four months, and a control audit will be performed at the end of that period.
- For employees of external companies (temporary work agencies and subcontractors), at one of the audited sites it was not possible to verify compliance with the Applicable Rules on wages and working hours as the payroll documents for the external workers concerned were not available at the site. A remediation plan is currently being drawn up.

Monitoring and control system for EHS issues

In 2024, 91 "Top managers" (managers of factories or distribution centres, Management Committee members, etc.) attended the Leadership & Safety Culture seminar, held at the CEDEP, The European Centre for Executive Development, at the INSEAD campus in France. The seminar aims to raise awareness with top managers about safety issues, increase their leadership ability and see these behaviours adopted and maintained over the long term.

A total of 35 factories are certified ISO 45001, representing 97% of the Group's factories.

In 2024, the following EHS audits were conducted:

- 20 risk audits;
- 16 combined EHS culture and risk audits;
- 8 combined Quality, Environment, Health, Safety and Performance audits; and
- 110 additional EHS audits of subcontracting sites in factories, and in external distribution centres.

The most frequently identified risks during EHS risk audits are related to fire protection, procedure safety, hazardous energy, containment of fire water runoff and wastewater management. Failures to comply and formal notice were systematically subject to corrective measures.

In 2024, failures to comply with regulations were found at twelve factories with regard to the quality of their wastewater. One facility was fined a total of USD 2,250 for failing to comply. In addition, one factory received a neighbourhood complaint that did not result in a fine.

7.3 Results of the application of the Plan to Suppliers

Adoption of the Applicable Rules by Suppliers

Since 2002, the Group's Suppliers have had to sign the Mutual Ethical Commitment Letter (MECL. This document, reviewed in 2021, sets out the requirements and commitments that L'Oréal imposes on its suppliers according to the Group's programmes and policies concerning ethics, corporate responsibility, Human Rights, working conditions and compliance. The MECL has been relayed to all Suppliers worldwide, and 95% of eligible Suppliers⁽¹⁾, including strategic suppliers, have contractually undertaken to respect the obligations it contains.

In addition to the MECL, L'Oréal requires its Suppliers who provide outsourced labour to sign the "External Workforce Agency Standards". This document reinforces their commitment to the protection of human rights, in particular with regard to the prohibition of forced labour and access to a whistleblowing system.

In 2024, 63 newly recruited purchasers in the Group completed an in-depth training programme on responsible purchasing.

(1) Value as a percentage of expenditure at end-November. Eligible suppliers represent 100% of the value of purchases for the manufacture of finished products and 90% of the value of other types of purchases.

Monitoring and control system

The Applicable Rules are controlled through external audits. These audits cover questions on Human Rights as well as Environment, Health and Safety and cover all activities of the audited site without being limited to the parts of the site that operate for L'Oréal.

L'Oréal's social audit is mainly based on the SA 8000 standard. In 2024, the standard used by L'Oréal was updated to make the requirements even more stringent.

The Group puts in place initial audits which are followed up by further audits three years later. During these follow-up audits, the auditors verify the effectiveness of any remedial

measures required as a result of the initial audit. A tool for social audits is used to plan the audits with the external service provider's system and to manage the results and action plans for all Suppliers concerned.

A total of 1,147 on-site audits were carried out in 2024 (bringing the total to 4,470 since 2021), some of which corresponded to regular audits and some to specific audits following a risk analysis. Follow-up audits represent 33% of the total number of audits conducted in 2024 and allowed 69% of the Suppliers audited to improve their results.

In 2024, 1,059 Suppliers conducted an EcoVadis assessment of their social, environmental and ethical policies, as well as the implementation of those policies by their own Suppliers.

Social audits⁽¹⁾

Cases of non-compliance identified during social audits of suppliers by topic

Topic	Needs Continuous Improvement	Needs Immediate Action	Zero Tolerance	Total number of non-compliance cases	Relative weighting by topic
Health, safety and the environment	349	500	20	869	40.80%
Working hours	294	212	0	506	23.76%
Wages and charges	148	229	0	377	17.70%
Forced labour	113	14	0	127	5.96%
Sexual harassment and bullying	62	0	0	62	2.91%
Freedom of association ⁽²⁾	33	24	0	57	2.68%
Disciplinary practices	50	0	0	50	2.35%
Subcontracting	19	13	0	32	1.50%
Child labour and young workers	18	8	1	27	1.27%
Non-discrimination	19	4	0	23	1.08%
TOTAL	1,105	1,004	21	2,130	100%

- (i) **Health, safety and the environment:** 40.80% of the non-compliance cases concerned the Applicable Rules on Health, Safety and the Environment. Most of these cases involved the absence of fire safety certificates, a lack of training about emergency evacuations, handling of fire extinguishers or the use of protective equipment, the absence of an evacuation plan in the local language, breaches with regard to emergency routes or exits or a lack of eye rinsing stations. Corrective measures have been requested and will be checked in future audits.
- (ii) **Working hours:** 23.76% of the non-compliance cases. Failures to comply concerned the Applicable Rules regarding working hours and mandatory rest periods, but also the lack of documents to ensure appropriate monitoring of these Rules. Corrective measures have been requested and will be checked in future audits.
- (iii) **Wages and charges:** 17.70% of the non-compliance cases. Most of the non-compliance cases related to this topic concerned insurance and social security contributions, as well as non-payment of the minimum wage, overtime and paid leave. Corrective measures have been requested and will be checked in future audits.

- (iv) **Forced labour:** The non-compliance cases identified for this topic account for 5.96% of all of the cases of non-compliance identified during the social audits performed in 2024. The majority concerned the non-existence or inadequacy of employment contracts (for example, no clauses on personal data protection). The main remedial measure requested was setting up and amending employment contracts.

Some of the non-compliance cases concerned the payment of recruitment fees by workers, mainly migrants. In the majority of cases, these workers paid the fees to cover the cost of medical tests. In some cases, amounts were paid in advance by the workers. L'Oréal has held discussions with the Suppliers concerned and has asked them to put in place an action plan to remedy the situation. This plan includes reimbursing the workers concerned and introducing preventive procedures in order to reduce the likelihood of such cases arising again in the future.

Follow-up audits have been scheduled to verify that the remedial measures have been carried out. The audits revealed that identity documents have been withheld by employers when they are not legally obliged to do so. In these cases, the immediate return of the identity documents was requested. When the workers concerned pointed out that they feared losing their documents, lockers with padlocks were made available to them.

(1) Without prejudice to additional and complementary control measures.

(2) Figures exclude audits where verification could not be performed because of the specific nature of local regulations.

Certain non-compliance cases related to forced labour concerned the failure to respect workers' freedom to terminate their contract without penalty (financial or other) and a lack of, or inadequate, work permits for foreign workers. Follow-up audits will check that these corrective measures are implemented effectively.

- (v) **Sexual harassment and bullying:** 2.91% of the non-compliance cases. A potential case of psychological harassment was identified during the social audits. The supplier was contacted to find out the root causes of the situation and draw up a remedial action plan. Most of these failures to comply concerned the absence of a written policy prohibiting sexual harassment and bullying or the absence of an internal system allowing the situation to be reported without negative consequences for the worker in question. Corrective measures have been requested and will be checked in future audits.
- (vi) **Freedom of association and right to collective bargaining:** 2.68% of the non-compliance cases. Most of the non-compliance cases related to this topic corresponded to a lack of free elections for workers' representatives, or management presence or interference in these elections. Elections must be carried out or, in countries where such elections are not legal, worker meetings must be organised or alternative arrangements made for workers to raise any concerns or complaints they may have. Corrective measures have been requested and will be checked in future audits.
- (vii) **Disciplinary practices:** 2.35% of the non-compliance cases. Most of the non-compliance cases related to this topic concerned the absence of clear written rules, or illegal rules, disciplinary practices, and/or a lack of communication about the rules to workers. Corrective measures have been requested and will be checked in future audits.

- (viii) **Subcontracting:** 1.50% of the non-compliance cases. Most failures to comply related to Suppliers failing to ensure that L'Oréal's standards of ethics are upheld in their own supply chain. Corrective measures have been requested and will be checked in future audits.

- (ix) **Child labour and young workers:** The non-compliance cases identified for this topic account for 1.27% of all of the cases of non-compliance identified during the social audits performed in 2024. One audit revealed the employment of a child under the age of 16. The case concerned a 15-and-a-half-year-old who was not performing any tasks prejudicial to their health and safety. L'Oréal made sure that the young worker was registered with a school and returned to school. The company in question subsequently reviewed its recruitment procedures and processes for ensuring that its employees are of minimum working age, and this was verified during a follow-up audit. L'Oréal has maintained its business relationship with this company on a probationary basis.

The other identified cases of non-compliance related in particular to a lack of age-check procedures during the Supplier's hiring processes, as well as failure to respect the applicable legal requirements for employing young workers (such as not organising a pre-employment medical check-up) and apprentices (e.g., failure to respect quotas). The Suppliers concerned were asked to remedy these situations, and follow-up audits were planned.

- (x) **Non-discrimination:** 1.08% of the non-compliance cases. These compliance failures mainly concern the absence of a clear policy to prevent discrimination in recruitment or discrimination in the payment of wages and other costs. It was also noted that some Suppliers required pregnancy tests as part of the recruitment process. The Suppliers concerned were contacted to ensure that they amend their policies and processes so that these practices will not occur again in the future. Corrective measures have been requested and will be checked in future audits.