

L'Oréal – Annual General Meeting of 29 April 2025

Answers from the Board of Directors to written questions from shareholders

Written questions may be addressed to the Company at the Annual General Meeting under the conditions laid down by law. In accordance with the legislation in force, a question is deemed to have been answered as soon as the response is published on the Company's website.

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

Questions from Forum pour l'Investissement Responsable (FIR)

“The FIR (French Sustainable Investment Forum) is a multi-stakeholder association that promotes and develops Socially Responsible Investment (SRI). It engages in constructive dialogue with leading French businesses in the context of its Dialogue and Engagement Commission (*Commission Dialogue et Engagement*), whose members manage over €4,600 billion in assets.

For the sixth year running, the FIR is sending all companies listed on the CAC 40 index questions drafted by sector and subject-matter experts on Environmental, Social and Governance (ESG) issues. The reports on the responses provided in 2020-2024 are available on our website, and an analysis of the 2025 answers will be published in due course.

This year, with the implementation of the Corporate Sustainability Reporting Directive (CSRD), the number of questions has been reduced to five, compared with around ten in previous campaigns. To remain adaptable to global changes, this year the FIR is asking you, along with all other CAC 40 companies, four new generic questions centred around Environmental, Social and Governance (ESG) themes. A fifth issuer-specific question is asked on a matter determined by analysts from the FIR's Dialogue and Engagement Commission.

Although the CSRD involves communicating on IROs deemed material from a financial or impact perspective, we invite you not to neglect other ESG issues that you may consider somewhat less of a priority. The four generic questions that we are asking of all companies have been selected such that the topics are relevant to the activities of all CAC 40 companies. The FIR expects answers provided by companies to be localised and tailored to the questions asked. References to documents available on company websites may be used by analysts when they are essential to reaching a clear understanding of the answer given and provided that they can be clearly identified.

Although most of the usual topics will not be repeated this year, we are appending your 2024 assessment to this letter. L'Oréal's overall average score for 2024 was 2/3. For one question, you did not score any points. Please see below for details:

Questions	Topics	Score (out of 3)
Q1	<i>Environment</i>	2
Q2	<i>Biodiversity</i>	2
Q3	<i>Circular economy</i>	2
Q4	<i>Integration of social partners</i>	3
Q5	<i>Share buybacks</i>	1
Q6	<i>Adequate wages</i>	3
Q7	<i>Employee savings</i>	1
Q8	<i>Taxation</i>	0

Q9
Q10

Lobbying
Directors' CSR skills

3
3

Our questions this year are as follows:"

Environment

Question 1: Sufficiency

The IPCC definition¹ of sufficiency reads as follows: "Sufficiency policies are a set of measures and daily practices that avoid demand for energy, materials, land and water while delivering human well-being-for-all within planetary boundaries."

Sufficiency refers to various approaches that may have an impact in terms of limiting or moderating demand (repairability, timelessness of products, moderation in marketing, etc.) and supply (reducing the number of ranges and/or products, producing on demand, etc.) but also in terms of resources and materials: for example, as regards means and inputs, methods to reduce material intensity, and for finished products, methods to reduce packaging and to remove all components not vital for using the product in a way that does not reduce the essential satisfaction with the product.

a) Is the concept of sufficiency integrated into the development of your environmental strategy? If so, what is your definition of sufficiency? If not, do you use another concept that you believe has an equivalent aim? If so, what is it, and can you describe it?

Answer: Firstly, it should be noted that the 2024 Universal Registration Document contains detailed information on this and other matters. This information is reiterated here in order to make it more accessible. Readers are encouraged to read all the information published in the Universal Registration Document, particularly chapter 4, which includes the Sustainability Report.

The concept of sufficiency is central to L'Oréal's environmental strategy. This is mainly reflected in the principles of the circular economy, allowing us to do more with less by reducing consumption of resources – raw materials, water and energy – at every level of our value chain. In practical terms, sufficiency is reflected in our ongoing efforts to:

- **Reduce** our consumption of water, energy and materials. For example, we reduced our water withdrawals by more than 50% between 2005 and 2024;
- **Replace** ingredients and materials with more sustainable alternatives;
- **Reuse** resources and materials to extend their lifespan;
- Use recycled materials in our packaging and products, and encourage consumers to **recycle** our products.

b) How do you apply the concept of sufficiency in terms of resource use and in the products and services you offer throughout your value chain? Have you calculated the proportion of your business (expressed in terms of revenue or the equivalent) covered by this concept?

Answer: L'Oréal applies the concept of sufficiency through the principles of the circular economy, aimed at reducing, replacing, reusing and recycling resources throughout its value chain. The L'Oréal for the Future programme embodies this strategy. Below, we set out a few concrete examples of its application:

Packaging:

- **Reducing packaging intensity:** L'Oréal aims to reduce the amount of packaging per gramme of formula used by 20% by 2030 (compared with 2019). This involves reducing the weight of packaging, optimising

¹ IPCC report April 2022, p. 101.

designs and promoting refills and reusable formats. The material intensity of our packaging was reduced by 11% at the end of 2024.

- **Reducing the use of virgin fossil-based plastics and replacing them with less impactful materials:** By 2024, L'Oréal had incorporated 37% recycled or biobased plastics into its packaging, and 86% of PET plastics used were from recycled sources.

Production and logistics:

L'Oréal is committed to reducing Scopes 1 & 2 emissions (operated sites, vehicle fleet, directly-owned stores) by 57% between 2019 and 2030. By the end of 2024, L'Oréal had reduced these emissions by 51%, reflecting a series of measures aimed at cutting back energy needs and using only renewable energy at our operated sites.

- **Renewable energy:** By the end of 2024, 97% of the energy consumed at our operated sites came from renewable sources, reflecting an ongoing process aimed at cutting back our energy needs through energy sufficiency and efficiency measures. By 2030, the aim is for 100% of the energy consumed at our operated sites and stores (whose energy sourcing is controlled by us) to come from renewable sources.
- **Reducing and reusing water:** L'Oréal is actively reducing its water consumption across all of its activities (research, logistics distribution) by optimising processes and reusing treated wastewater. L'Oréal's ambition is to use 100% recycled and reused water in industrial processes by 2030. By the end of 2024, we had already reached 53%.
- **Optimising transportation:** This involves shifting from air freight to sea and rail freight and giving priority to multimodal transport, in order to minimise carbon emissions linked to transportation.

These initiatives to reduce resource consumption are integrated into L'Oréal's financial planning, with each entity factoring sustainability into its budgets.

c) Can you provide concrete examples of recent successful measures implemented to integrate sufficiency into your business model? What metrics do you use to ensure that these measures are effective? What difficulties have you encountered with your customers or main suppliers in implementing your approach to sufficiency?

Answer: The concrete examples set out below are not exhaustive.

Refillable packaging: L'Oréal offers refillable formats for its best-selling perfumes (Lancôme, Armani, Prada, YSL, Thierry Mugler, etc.) and is rolling out the same system for shampoos (Elsève, Ultra Doux, etc.) in 2025. This reflects a transition towards a more circular model. L'Oréal runs awareness campaigns in support of these new circular consumption patterns.

Reusable packaging: the *La Boucle Beauté* initiative in France, in partnership with Circul'R and distributors such as Sephora and Nocibé, as well as competitors such as Clarins, Clinique, Chanel, La Rosée, SVR, etc., enable consumers to return their empty packaging to the point of sale, in exchange for loyalty points. The packaging is then stored, sorted for washing and reused.

d) How do you reconcile sufficiency and profitability in your business?

Answer: L'Oréal reconciles sufficiency and profitability by incorporating circular economy principles and the reduction of resources (raw materials, water, energy) into its business model and operations. This means in particular:

- **Reducing waste** while generating economic benefits. For example, the cost-effectiveness of refillable packaging for our Luxe Division perfumes and skincare creams is superior to that of our conventional packaging.

- **Optimising the supply chain** in order to increase sufficiency and reduce carbon emissions from transportation by truck. This allows both L'Oréal and the Group's distributor customers to generate environmental gains coupled with economic benefits. We are developing this approach within the framework of our Green Joint Business Plans.
- **Relying on the sufficiency induced by the work of the Operations department**, for example in reducing our water consumption and enabling some of our factories to operate with 100% recycled and reused water. This also enables us to build resilience into our activities by anticipating adverse impacts linked to climate change and water stress.

Social

Question 2: Decent standard of living

A decent standard of living is not only ensured by the payment of a living wage, but also by means of social protection and financial benefits, etc.

As a reminder, a living wage is defined by the Global Living Wage as “[t]he remuneration received for a standard work week by a worker in a particular place, sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing and other essential needs including provision for unexpected events.” That remuneration must also enable the worker and their family to take part in society, for example by engaging in leisure activities and having access to communication.

The living wage, the amount of which varies between locations, must not be confused with the national minimum wage, where they exist.

This question concerns:

- Workers in your value chain (excluding own workforce), upstream (suppliers' employees, service providers, contractors, etc.) and downstream (franchise holders, etc.).
- Non-employee workers such as freelancers, temporary and contract staff.

The question does not therefore concern the employees of your company or its subsidiaries.

a) How do you ensure a decent standard of living (living wage, welfare benefits, precautionary savings and other benefits such as assistance with housing) for these workers? Which categories of workers are concerned (Tier 1, 2 and 3 suppliers, all of your strategic suppliers, non-employee workers, etc.)?

Main criteria assessed:

- ***Methodology adopted: definition of the living wage, partnership with an organisation such as the Fair Wage Network or Global Living Wage Coalition, etc.***
- ***Measures implemented***
- ***Role of social partners***

Answer: L'Oréal was awarded in 2023 **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 employees, L'Oréal aims to ensure that the employees of its strategic suppliers are paid at least the living wage, in line with best practices. This commitment is described in detail in the Universal Registration Document (see in particular page 158).

With regard to Tier 1 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 raise 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.

A specific living wage clause is now incorporated into certain contracts with the Group's strategic suppliers.

Certain purchasing categories, such as outsourced retail personnel, are also subject to living wage commitments.

L'Oréal is also leading various initiatives **beyond its Tier 1 suppliers**. For example, as part of the Responsible Mica Initiative, L'Oréal supports the establishment of a price calculated using the living wage approach in addition to diversified income contributing to more resilient living conditions. Similar efforts are being made in the rose sector in Turkey through the Harvesting the Future of Rose coalition, launched by the Fair Labor Association. L'Oréal is also committed to the living wage through the UN Global Compact's Forward Faster initiative, which aims to accelerate the achievement of sustainability goals.

L'Oréal has undertaken to provide financial support over the period 2024-2026 to make living wage data produced by the Wage Indicator Foundation freely available.

As part of the Group's Human Rights Report published in 2024, L'Oréal has committed to ensuring that Beauty Advisors, as service providers, are included in the Group's living wage programme. Following a survey of the different recruitment agencies for Beauty Advisors in our various markets, the Group is currently conducting a gap analysis of the minimum wage in relation to living wage thresholds.

b) Have you identified and mapped the risks and obstacles to the payment of a living wage and benefits in your value chain (e.g., high-risk occupations and countries, local regulations, inflation, competitiveness, lack of transparency in supplier practices, etc.)? What specific measures are you taking to reduce the risks associated with these occupations (annual review and pay gap corrections, incentives for suppliers, etc.)?

The Group has mapped the risks for certain purchasing categories, such as outsourced retail personnel, based in particular on the gap between the living wage and the minimum wage. A designated action plan has been drawn up to guarantee a living wage for this group of workers.

c) Is upholding decent living standards a criterion you use to select your suppliers or contractors? To what extent does it determine your choices?

Answer: L'Oréal commits to selecting its suppliers rigorously and fairly, using open and transparent competitive bidding based on objective criteria for assessing areas such as quality, price, innovation and performance in terms of social and environmental responsibility.

In terms of the practical application of these commitments, L'Oréal has set up a supplier evaluation system based on five criteria: quality, social and environmental responsibility, innovation, services, and competitiveness. These criteria define the performance expected of suppliers.

The degree of progress made by our suppliers in their approach to the living wage is incorporated into the assessment through the social and environmental responsibility criteria.

d) If you have adopted a policy to ensure decent living standards for some or all workers in your value chain and your freelancers, what results have you achieved? What is your roadmap for the future (measurement and quantification, examples of metrics, tracking of metrics and progress, plans to broaden the scope, etc.)? How do you ensure that the commitments made by your suppliers, contractors and franchise holders are implemented? If a controversy arises in relation to a supplier, how do you deal with the situation (termination of the contract, dialogue and engagement, etc.)?

Main criteria assessed:

- *Independent certification (FWN, Living Wage BC, etc.)*
- *Metrics*
- *Control methods: documentary analysis, audit, teams dedicated to verifying the information provided, whistleblowing system, etc.*
- *Controversy management procedure: reaction in the event of a report, corrective measures, etc. (please provide examples if possible)*

Answer: As mentioned above, in order to roll out its living wage approach to 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 raise 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 (see page 158 of the 2024 URD).

L'Oréal promotes open dialogue and transparent engagement with suppliers to help them understand and meet these standards. If necessary, the Group may consider suspending or terminating business relationships with suppliers if they are reluctant to commit to this transformation.

Governance

Question 3: Sustainability governance

a) Do you publish a skills matrix for your Directors?

Does it name the Directors in question? Does it provide granular information about expertise relating to sustainability, for example listing in detail each Director's skills in areas other than CSR/ESG/sustainability, such as the climate, biodiversity, human rights, diversity and inclusion, the energy transition, workforce and value chain, and the financial impact of climate issues?

Answer: L'Oréal publishes a **skills matrix** for its Directors, which is updated annually by the Board of Directors on the basis of the work of the Nominations and Governance Committee.

The **general skills matrix** provides an overview, indicating the number of Directors with each of the skills identified as part of the Board's diversity policy (see page 59 of the 2024 Universal Registration Document).

The **individual skills** of each Director are set out in each Director's individual profile using the same nomenclature as that used in the general skills matrix. This is rounded out by the Directors' biographies, which go into more detail on their career backgrounds and expertise.

Sustainability-related skills are described individually by major pillar: Environment, Social and Governance. In terms of sustainability specifically, three priority skills areas have been identified: experience in developing CSR strategy within an international group, governance and business ethics, and the Group's role in society, including corporate philanthropy. The Board of Directors considers that this level of granularity is sufficient to assess the suitability and relevance of the skills of the Directors as regards their role in defining the Company's strategic orientations.

b) On what basis do you consider that a Director demonstrates CSR or sustainability-related skills? Do you have predefined requirements/criteria for each of these skills? If so, what are they?

Answer: The Board of Directors has adopted and applies a diversity policy which includes professional qualifications and experience. In this respect, the Board of Directors and the Nominations and Governance Committee aim to ensure that the Directors' experience is complementary and that their skills are in line with L'Oréal's strategy and development objectives.

The **Nominations and Governance Committee** identifies the skill sets of each Director based on their profile, experience and career background, to ensure that the Board has a range of complementary skills and can operate as a collegiate body based on collective thinking and decision-making. These skills are supplemented by a dedicated learning plan to ensure that L'Oréal's specific characteristics are fully understood, and is developed through high-level presentations at Board and Committee meetings. The skills matrix is reviewed **annually** by the **Board of Directors**. With a view to providing greater granularity in the sustainability skills of Directors, the skills matrix was reviewed in 2024 in order to set out, for each Director, her or his environmental, social and/or governance skills. The matrix is also assessed individually by the Directors as part of the **annual assessment of the Board**, and is confirmed by each Director by means of an **annual declaration**.

The topics falling within the remit of the Board of Directors are becoming broader and more complex, with sustainability issues forming an integral part of L'Oréal's strategy and encompassing all aspects of the business. Consequently, it is essential for the Board of Directors that L'Oréal's **Directors are competent in and committed to sustainability issues** and, backed by the technical support provided by L'Oréal experts, are able to make an active contribution to defining its strategic vision and effectively discuss the decisions made by the Group's executive officers.

The breadth and wealth of Directors' experience should enable the Board to address sustainability issues from a **collective**, overarching perspective and consider them in greater depth by working with internal and external experts (e.g., Statutory Auditors certifying sustainability information, specialist training consultants, etc.).

The Nominations and Governance Committee reviews and proposes candidates for appointment as Directors to the Board. It considers the **following criteria**:

- the professional and personal qualities sought;
- the skills and experience sought to complement that of existing Directors, based on the skills matrix, with a special emphasis on sustainability skills;
- the medium- to long-term projection of the Board's composition; and
- gender balance.

With regard to **ESG skills**, as indicated above, L'Oréal has identified three priority areas: the CSR strategy within an international group, governance and business ethics, and the Group's role in society, including corporate philanthropy. In this respect, the Group is particularly keen to benefit from experience of General Management within large international companies that have defined and implemented a CSR strategy.

c) For each Director (indicate first and last names) who has sustainability-related skills, please list their specific skills and the nature of those skills (experience, scientific/research profile, regulatory expertise, specialist training)?

Last name, First name	Specific skill	Nature of skill

Answer:

Directors' skills are identified individually in the Directors' profiles published in the Universal Registration Document (pages 66 to 79 of the 2024 URD).

These profiles also include individual biographies of each Director, highlighting their career background and expertise.

ESG skills are mainly developed in line with the three criteria referred to above (ESG strategy within an international group, governance and business ethics, and the Group's role in society, including corporate philanthropy).

The Board of Directors considers this approach to be satisfactory. The information is accessible and readable for all shareholders and stakeholders who wish to obtain a clear understanding of the individual skills of each Director. The Board also reiterates its commitment to collective decision-making by the Directors, and values the high calibre of its members in this area. Directors may also rely on internal and external experts.

d) In terms of transparency, do you publish the following information? :

<u>Do you publish</u> the following items?		yes	no	If so, please provide us with the source/reference
A detailed biography for each Director highlighting his or her experience or training in sustainability-related issues				
How the skill was acquired	Format of each training course (internal or external)			
	Content of each training course			
	Whether training is compulsory			
	Frequency of each training course			
	Recipients of training			
Type of ongoing skills assessment	Self-assessment			
	External assessment by third parties			
	Other			

Answer: As indicated in the answers above, the Board of Directors reiterates its commitment to collective decision-making by Directors, and values the high calibre of its members in this area. In this respect, it should be noted that L'Oréal has defined core skills and expertise through which all L'Oréal Directors contribute to the operation of the Board of Directors: good judgement, ethics, concern for the interests of the Company, strategic vision, sense of innovation and entrepreneurship, international experience, and experience in the functioning of governance bodies.

The breadth and wealth of Directors' experience should enable the Board to address sustainability issues from a collective, overarching perspective and consider them in greater depth by working with internal and external experts (e.g., Statutory Auditors certifying sustainability information, specialist training consultants, etc.).

With regard to the Directors' **biographies**, as indicated in answer 3c), the Directors' profiles are published in the 2024 Universal Registration Document (pages 66 to 79) and highlight, in particular, their experience with sustainability-related issues.

Regarding published information about **sustainability-related training**, as soon they are appointed, each Director receives a welcome pack containing a range of useful information for carrying out their duties. L'Oréal Directors receive specific in-person support throughout their terms of office, covering issues such as the Group's culture, history, governance and the Board of Directors' operating methods. Directors' training carries on after they join the Board as part of a continuous training process. The Board of Directors also pays close attention to the accessibility and readability of its publications, to ensure that all shareholders and stakeholders have access to clear and understandable information. The Universal Registration Document therefore gives account of the experience, expertise and skills of the Directors, as well as the topics covered in the Directors' training programmes and the presentations given as part of the work of the Board and its Committees (sustainability matters, including double materiality, artificial intelligence, responsible marketing, etc.).

Skills are assessed on an ongoing basis, as part of the work of the Nominations and Governance Committee and the Board, and through the annual assessment of the Board's operating methods. This enables the fit of the Directors' profiles to be analysed against L'Oréal's challenges and strategy.

For each box to which you answered "no" in the table above, can you provide the information here?

Answer: Any information deemed useful for public information purposes is published in the 2024 Universal Registration Document (URD), including general information on the training of Directors and the assessment of their skills. The level of detail provided is considered satisfactory by the Board of Directors in terms of transparency, accessibility and clarity.

This information has been summarised in the answers above to facilitate understanding.

In general terms, on appointment and throughout their term of office, Directors benefit from training programmes relevant to their position.

Question 4: Governance of Artificial Intelligence (AI)

a) Vision/control:

- Which functions and business lines in your company are already being impacted by the use of AI?

Answer: AI has been driving L'Oréal's Beauty Tech transformation for several years, enabling the Group to harness the wealth of our unique database to drive growth, particularly in the context of product innovation and personalised services for consumers.

AI is integrated into a number of functions and business lines, including Research & Innovation (R&I) and Digital Marketing. For example, **in Research**, AI enhances the efficiency and innovativeness of our R&I teams by speeding up the selection of performance ingredients, with Fast Color allowing us to quickly formulate and reformulate hair dye products to meet specific shade objectives.

Our **Digital and Tech** teams also use AI to support consumers in their discovery and purchasing journey, with skin diagnosis services and virtual make-up fittings, with more than 110 million sessions in 2024 (66 countries, 33 brands).

AI, or rather Generative AI, is also used to create images for our brands through L'Oréal's CreAltech (however, L'Oréal does not generate realistic images of faces, bodies, skin, or hair to support/demonstrate the benefits of products in external communications). Lastly, AI is central to the development of BET-IQ, a proprietary L'Oréal application that uses predictive AI to optimise the Group's advertising and promotional investments across the multiple points of contact with consumers. It is used to measure the return on investment in the short term and also to build brand equity over the long term.

In addition, L'Oréal has made available to **all Group employees** L'Oréal-GPT, a secure Generative AI platform developed by the Group, enabling employees to safely experiment with GenAI in their daily tasks within a secure L'Oréal environment. L'Oréal-GPT is used to augment user searches, translate documents, and streamline low-value-added tasks.

- Which functions and business lines will be impacted by the use of AI in the next year, in the medium term (one to three years) and long term (more than three years)?

Which do you think AI will have little or no impact on in the near future?

Answer: As explained above, R&I and Digital Marketing are currently the most heavily impacted by AI. New use-cases have been developed recently by these activities, including:

- L'Oréal Paris Beauty Genius, the first virtual beauty assistant, which provides personalised advice and recommendations to consumers, including tailored tutorials. The technology is protected by more than 10 patents and its algorithms have been trained on more than 150,000 images annotated by dermatologists.
- CreAltech, our new generative AI content lab, enables marketing teams to continually upgrade their skills and stimulate their creativity during experimentation phases.

Technologies are evolving rapidly and it is difficult to evaluate the impact accurately. In this context, L'Oréal has chosen to take a responsible and pragmatic approach to AI by giving priority to:

- Understanding the risks associated with Generative AI (data security, "hallucinations", reputation, sustainability, etc.). The *Dos and Don'ts* of AI have been widely disseminated among employees since 2023.
- Training employees. More than 45,000 employees have already followed AI training courses, in addition to the 181,000 hours of training in Tech, Data and AI dispensed in 2024.

- Prudently and responsibly pursuing our most promising and priority use-cases in order to assess the potential by prioritising efforts on Digital Marketing and R&I, and as regards employees, on our internal L'Oréal-GPT tool.

b) Impacts:

- Have you measured the current direct and indirect impacts of your company's use of AI on energy consumption (electricity and water in particular)? Have you carried out projections of how your energy consumption will change as a result of using AI? In what time frames? Please provide quantitative information.

Answer: The impact of AI on energy consumption is incorporated into the considerations around use-cases and the deployment of technologies within the Group. The processes of the Group's IT-Tech teams incorporate these inputs into the project design and infrastructure selection phases. Furthermore, as we depend on the choices of our contracted Tech partners, we have engaged in dialogue with each of them on responsibly limiting the environmental footprint of our usage.

All IT-Tech teams involved in AI use-case developments have received training (Going Sustainable Together – dedicated to IT&Tech – 91% of people trained by the end of 2024, i.e., 2,257 persons).

- Have you assessed the social consequences of your group's use of AI?

Answer: Ensuring our employees' skills remain relevant and up-to-date has always been a top priority for the Group, which is why L'Oréal has chosen to focus on training employees and on developing the skills needed to work with AI. We have invested massively so that everyone can benefit equally from these technological advances and not fall behind other colleagues.

The Group's GenAI for All e-learning course is accessible to all employees, and has three objectives: understanding how Generative AI works, grasping its limits and opportunities, and learning how to develop effective prompts. More than 45,000 employees have already followed this course, in addition to the 181,000 hours of training in Tech, Data and AI dispensed in 2024.

Employee training in Generative AI is also being addressed as part of the Group's dialogue with its social partners.

- What ethical issues arise from your company's use of AI?

Answer: L'Oréal is committed to the ethical and responsible use of AI and Generative AI in a controlled environment. Based on our Ethical Principles – Integrity, Respect, Courage and Transparency – L'Oréal has drawn up seven Principles for Trustworthy AI, in collaboration with external experts, in order to define a framework to guide L'Oréal in the development, roll-out and use of AI systems. These principles include human supervision, safety and reliability, confidentiality and data protection, transparency, non-discrimination and fairness, and responsible and sustainable AI.

- In each of these three areas (energy, social and ethics), do you factor the potential impacts into your investment decisions? What organisation have you set up and what provisions have you made to reduce or eliminate the impacts? Please be specific and illustrate your answers with suitable examples.

Answer: The Group has put in place a responsible governance framework for our AI and Generative AI use-cases, setting up a Working Group in 2023 with four objectives:

1. Identifying strategic use-cases for Generative AI.
2. Defining a framework for the responsible use of Generative AI, taking into account the potential risks.

3. Training all employees on the potential of AI, the risks and rules associated with Generative AI (the *Dos and Don'ts*), and how to use it responsibly.
4. Establishing a governance framework covering the technical, functional, business and HR teams, so as to approach the Generative AI landscape using shared rules and processes.

The use of AI and Generative AI at L'Oréal is governed by ethical principles and takes place in a controlled environment. Our seven Principles for Trustworthy AI, drawn up in 2021, guide the development and use of AI at L'Oréal, as explained above.

L'Oréal has focused on training to support its employees in Tech, Data and AI skills and knowledge, as explained above. In addition to Gen AI for All, and to promote the responsible and reliable use of AI, the Group also launched the L'Oréal Trustworthy AI Awareness e-learning course in 2024, which is available in four languages (French, English, Spanish and Chinese). The course is aimed at employees in the IT, Tech and Data departments, and provides them with the knowledge and skills they need to develop and implement trustworthy AI. It covers the concept of trustworthy AI, its importance to L'Oréal and how to integrate these principles into daily activities.

L'Oréal takes these factors into account when making investment decisions, particularly with regard to the maturity of the technology and development possibilities.

c) Dependency:

- How many AI systems do you use?

- Do you anticipate potential dependency on your AI system suppliers?

- If so, how have you responded or do you plan to respond to this risk?

Answer: The Group uses a large number of different AI systems, some developed internally and others based on models developed by major tech players. The aim is to benefit from the best available market solutions while maintaining flexibility and adaptability.

L'Oréal's strategy for mitigating the risk of dependency is based on diversifying suppliers and partners, maintaining flexibility on the solutions and models best suited to the Group's use-cases, while also focusing on internal development for certain use-cases. Accordingly, we rely on our existing development capabilities and our 8,000 employees in the Digital, Tech and Data departments, as well as effective collaboration with our external partners. This allows L'Oréal to create a solid external ecosystem that opens up opportunities for new solutions.

In addition, L'Oréal invests in start-ups through BOLD (Business Opportunities for L'Oréal Development), the Group's venture capital fund.

Specific question:

Question 5

a) L'Oréal is committed to eliminating PFASs from its products by the end of 2024. Given that there are multiple categories of PFASs, are any of them not included in this commitment? If so, why and how many products contain them? Could you list the types of PFASs that are included in this commitment? Has this commitment been honoured to date?

Answer: The safety of consumers is paramount. We rigorously assess the safety of all our products, so that they always comply with the applicable regulatory requirements and industry best practices worldwide.

Since 2018, L'Oréal has gradually been eliminating intentionally-added PFASs from its formulas, within the meaning of the OECD definition of July 2021 ("fluorinated substances that contain at least one fully fluorinated methyl or methylene carbon atom").

100% of our formula portfolio has now been redeveloped with no intentionally-added PFASs. We have already stopped selling formulas containing intentionally-added PFASs to our distributors in Europe, and will do the same worldwide by the end of 2025. In some markets, some distributors may still have older products in stock. L'Oréal is committed to sustainable innovation and rigorously applies the latest scientific knowledge to improve the performance and sustainability of its products on an ongoing basis.

b) How does the company ensure that replacement chemicals meet rigorous safety and sustainability standards in order to avoid the risk of "regrettable substitutions"? How are these rigorous safety and sustainability standards determined, and what are they?

Answer: The safety of consumers and the environment is a top priority for the Group. L'Oréal has had a dedicated global organisation responsible for assessing product safety in place for very many years, bringing together expert safety assessors, toxicologists, and environmental impact specialists. In order to assess and protect human health and the environment, these experts apply rigorous processes and standards to each ingredient and product the Group puts on the market, based on international scientific knowledge about the most advanced standards and methods and in compliance with the regulatory requirements currently in force.

Where ingredients or chemical substances are substituted, the same rigorous safety assessment processes are applied to the alternative substances under consideration. Each product containing substituted ingredients or substances is assessed individually based on the human health and environmental criteria described above, in line with the Group's sustainability objectives.

c) What steps is L'Oréal taking to make its suppliers aware of "regrettable substitutions" and implement independent third-party verifications to ensure compliance throughout the supply chain? How will this process be reported transparently to stakeholders?

Answer: With L'Oréal's global quality conformity systems in place at all Group entities worldwide, suppliers are not authorised to change the composition of raw materials from those set out in the ingredient specifications.

Questions from Initiative Pour un Actionnariat Citoyen (IPAC)

Question 1: L'Oréal uses several naturally-derived ingredients (plants, minerals, etc.) in its products, whose supply chains may be exposed to violations of fundamental social rights and human rights. In May 2024, the BBC released a documentary highlighting the risks associated with jasmine harvesting in Egypt, particularly regarding child labour. In its 2024 report, the Group stated that it had been alerted to these risks in 2023 and had since taken measures to mitigate them. Can you explain why these risks were not included in the 2023 report? Following the mitigation measures taken, have you observed any concrete results?

Answer: L'Oréal identified this matter in 2023 and launched a Human Rights Impact Assessment (HRIA) in the Egyptian jasmine sector. The research phase was completed in 2024 and confirmed the risks of child labour. On receiving the results of the HRIA, L'Oréal worked towards transforming the sector by establishing a coalition, with the support of the International Labour Organization, the Egyptian government, and several local civil society organisations.

The objectives and achievements of this coalition are detailed on the Fair Labor Association's website.

L'Oréal's 2024 Vigilance Plan, published in early 2025, sets out the identification of these risks in the jasmine sector in Egypt and the measures implemented by the Group to remediate the situation. It specifies that human rights risks related to child labour have been identified and addressed in the Vigilance Plan for many years. Additionally, L'Oréal's 2024 Group Human Rights Report² details its approach to these matters, particularly highlighting the principal human rights risks and remediation plans.

Question 2: Various organisations have also reported risks of human rights violations in the trade of gum arabic from Sudan, which is a major producer. Sudan is experiencing a devastating conflict involving armed groups threatening, extorting and repressing civilian populations. Is our Group exposed to these risks? If so, what measures have been taken to avoid them?

Answer: L'Oréal's use of Sudanese gum arabic has always been minimal. Nonetheless, despite the low volumes in question, ethical concerns raised by our 2024 HRIAs led us to engage with our suppliers and request that they transition towards sustainable gum arabic supply chains in other, more stable regions.

Question 3: Conflict zones are particularly vulnerable to human rights violations and other worrying ethical issues. According to the KSE Institute (Ukraine), L'Oréal paid approximately \$40 million in corporate income tax to the Russian state in 2023. Can you confirm or deny this figure?

Answer: As a reminder, L'Oréal has publicly condemned the invasion of Ukraine since its very beginning. We have complied with all sanctions imposed by the European Union and the United States, and conducted appropriate due diligence on our local partners. Regarding Russia, in addition to closing our own stores, department store counters and e-commerce sites, we have also suspended all investments in industrial and consumer media. We have decided to stop selling the vast majority of our brand portfolio, including all Luxe Division brands, to focus on the most essential products. Since the beginning of the conflict, L'Oréal has maintained a level of operations appropriate to ensuring the continued protection of and support for its Russian employees and the Group's assets. The income tax mentioned in the question corresponds broadly to the tax on this residual activity.

² <https://www.loreal.com/en/articles/commitments/human-rights-report/>