2024 UNIVERSAL REGISTRATION DOCUMENT

L'ORÉAL

INCLUDING THE ANNUAL FINANCIAL REPORT, THE INTEGRATED REPORT
AND THE SUSTAINABILITY REPORT

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AFR *This information is an integral part of the Annual Financial Report*
CSRD *Sections containing information from the Sustainability Report.*

L'ORÉAL

Universal Registration Document 2024

INCLUDING THE ANNUAL FINANCIAL REPORT, THE INTEGRATED REPORT AND THE SUSTAINABILITY REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on 24 March 2024 with the French Financial Markets Authority (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document, including the Annual Financial Report, is a reproduction in PDF, translated in English, of the official version established in ESEF format and filed with the AMF, and is available on the Group's website at www.loreal-finance.com. This reproduction is available on the same website.

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"In an uncertain environment, L'Oréal creates value for all and is shaping the future of beauty"

JEAN-PAUL AGON
Chairman of the Board of Directors of L'Oréal

With a further consolidated position as world number one in beauty, strong earnings growth and significant progress in social and environmental responsibility, L'Oréal demonstrates the resilience of its model and continues to create value for all.

In a volatile economic climate, I have every confidence in the Group's ability to consistently deliver its best.

The best of its people. Their dedication and immense contribution are exemplary. L'Oréal's 90,000 people, each in their respective field, embody agility, perseverance, boldness and commitment. They are the driving force behind our success, and I would like to express my deepest admiration to them.

The best of its executive team. The inspiring leadership of Nicolas Hieronimus, combined with the determination of his Executive Committee, were decisive. Together, they have once again demonstrated their ability to overcome challenges and seize opportunities in growth markets, while driving the Group's continuous adaptation.

The best of its governance. L'Oréal can count on real strengths: the stability of its shareholder base, the perfectly complementary roles between the Chairman and the Chief Executive Officer, and the diversity of expertise of its directors. This year, the Board focused in particular on sustainability, as well as the transformation driven by artificial intelligence, from its responsible use to the challenges of cybersecurity. It also reviewed risk mapping. On the business front, it conducted forward-looking work focused on the Dermatological Beauty and Consumer Products Divisions.

And tirelessly, the Group continued to embody its core values, which are the cornerstone of our long-term success. Our commitment – to the environment, to ethics and to inclusion – is widely recognised and highly praised. The culture and values that unite "L'Oréalians" are what make us truly unique. In an uncertain world, they are as important as the meaning they give to everything we do.

The entire company is aligned to shape the future of beauty.

We share a clear vision and unwavering principles: an enduring commitment to sustainable and responsible growth, excellence, scientific and technological innovation, quality, a humanistic culture and a deep sense of duty.

This is our strength. And it is what makes L'Oréal ready for the future.

"2024 was a pivotal year as we laid the foundations for the next chapter in the great L'Oréal Adventure"

NICOLAS HIERONIMUS
Chief Executive Officer of L'Oréal

L'Oréal has delivered another year of unwavering performance, amidst a turbulent global economy. Our strengthened leadership position and compelling results are a testament to the resilience of our business model, fuelled by our teams' creativity, agility and passion. We once again outperformed the global beauty market, delivering like-for-like growth of +5.1%. I'd like to highlight the continued quality of our P&L management, with a record operating margin of 20%, up +20 basis points despite a volatile environment.

Consistent with our dual excellence ambition, we've continued to make progress towards our social and environmental commitments. In 2024, 4.5 million people benefitted from our brands' social engagement programmes and 97% of the energy powering our sites[1] came from renewable sources. We also launched pioneering initiatives such as the Solstice fund, with Chenavari Investment Managers, in which we have invested €50 million, to support our industrial partners in accelerating their decarbonisation efforts. Our efforts have been recognized, for instance with the EcoVadis Platinum Medal, which ranked L'Oréal in the global top 1% of best companies in terms of environmental and social performance.

2024 was a pivotal year as we laid the foundations for the next chapter in the great L'Oréal Adventure. We strengthened our Research & Innovation capabilities with AI and tech, optimised our organisational structure and enhanced our operational resilience. We also bolstered our portfolio of desirable brands by acquiring the Miu Miu license and Dr.G, a leading Korean skincare brand, and took minority stakes in Galderma, Amouage, and Jacquemus.

All this will allow us to go ever faster and further to reach 2 billion consumers within the next decade. To achieve this, we will invest further in markets with favourable economic and demographic trends; engage dynamic consumer groups such as Gen-Z, men, and boomers; and explore promising technologies, in line with our mantra to 'seize what's starting'.

I am confident in our growth momentum and optimistic for the future, as we continue in our ambition to create the beauty that moves the world.

Watch the full interview with the CEO by scanning this QR code or go to lorealrapportannuel2024.com

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

1 — Presentation of the Group - Integrated Report AFR

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AFR *This information is an integral part of the Annual Financial Report.*

CSRD *Sections containing information from the Sustainability Report.*

This chapter presents the well-balanced business model of the L'Oréal Groupe, its strategic orientations, its 2024 results, its non-financial performance, and its relationships with its stakeholders, particularly in the context of the L'Oréal for the Future sustainability programme[(1)].

1.1 L'Oréal Groupe fundamentals

1.1.1 Our Sense of Purpose (*raison d'être*)

The desire for beauty has existed since the beginning of humanity.
It's a universal aspiration which crosses time, countries and cultures.

Beauty is a powerful force that moves us.

We know that beauty is more than just looking good.
Beauty gives us confidence in who we are, in who we want to be and in our relationships with others.

For over a century we have been dedicated to one sole vocation: creating beauty.
We remain true to the pioneering spirit of our founder and enjoy the unwavering support of his family, who have always accompanied our development.

Our goal is to offer each and every person around the world the best of beauty
in terms of quality, efficacy, safety, sincerity and responsibility to satisfy all beauty needs and desires in their infinite diversity.

Because beauty is a permanent quest,
we harness the power of our innovation to continually enhance the performance of our products and services.
Because we value diversity,
we leverage each of our brands to celebrate all expressions of beauty.
Because we strive to be exemplary with a long-term vision,
we anchor our actions in our strong values and demanding ethical principles.

And because we are the global leader in beauty,
we are aware that **everything we do can have a meaningful impact**.

Therefore:

We act to shape the future of beauty
by leveraging the best of science and technology, increasingly inspired by nature.
We act to drive social innovation
by offering the best working conditions,
training and social protection for our employees.
We act to build a business with inclusivity at its heart
by ensuring we are as diverse as the people we serve.
We act to nurture lasting partnerships with our clients and suppliers
based on mutual trust and collaboration.
We act to create value for all our shareholders by sustaining a robust business model.
We act to champion the cause of women and to strengthen
the communities with which we engage.
We act to protect the beauty of the planet
by fighting climate change, respecting biodiversity
and preserving natural resources.

At L'Oréal, we share a common Sense of Purpose to:

Create the beauty that moves the world.

(1) See 1.4.2.

L'Oréal's Sense of Purpose (*raison d'être*) is a core principle for the Group, to see ourselves as a high-performing, committed, responsible, inclusive company showing solidarity in decades to come. L'Oréal's raison d'être is included in the strategic orientations defined by its Board of Directors and in its business model.

L'Oréal's Sense of Purpose was developed following the work implemented over almost two years, initiated and driven at the highest level by Jean-Paul Agon and Nicolas Hieronimus, as well as several members of the Executive Committee. L'Oréal's Sense of Purpose was the result of dialogues with the Group's employees in three of its key countries (France, the United States and China) and many external stakeholders, including consumers. The progress made was discussed several times in the Executive Committee. For L'Oréal, the aim was to collect and formalise its contribution to the world as a company, its values and its commitments in one document.

This raison d'être was approved on 6 February 2020 by the Board of Directors, who incorporated it into their Management Report published in the 2019 Universal Registration Document and presented to the Annual General Meeting of Shareholders on 30 June 2020.

L'Oréal was presented with the Award for ESG Purpose and Commitments at the 2022 General Meeting and Gender Balance Awards ceremony, organised by the Institut du Capitalisme Responsable.

A single sentence epitomises L'Oréal's Sense of Purpose: "Create the beauty that moves the world". **It is defined in concrete actions** made to consumers, employees, clients, suppliers, shareholders, service providers and communities. L'Oréal is committed to efforts to combat climate change, by respecting biodiversity and preserving natural resources, and by championing the cause of women. The Group is using its Sense of Purpose to publicise its commitments through an eponymous media campaign launched in 2021. The majority of the Group's brands have supported their causes since 2018, combatting violence against women with the Abuse is Not Love programme from Yves Saint Laurent Beauty, campaigning against street harassment with L'Oréal Paris and the Stand Up programme, helping women get access to reading with Lancôme's Write her Future programme or supporting environmental causes with Biotherm's Water Lovers programme.

In its Management Report, disclosed in the present document, L'Oréal's Board of Directors reports on the implementation of the commitments included in its raison d'être, and on the progress towards the goals set:

- economic performance is inseparable from corporate social responsibility performance. The results of the Group's sustainability performance, which are reviewed by external auditors along with its financial performance, reflect the achievements of L'Oréal arising from its Sense of Purpose. Chapter 4 reports on the social, environmental and societal policies and progress, inclusion and ethics within the L'Oréal for the Future programme covering the Group's commitments to sustainability;
- L'Oréal also presents its progress and achievements in non-financial areas through its annual reporting made to the United Nations Global Compact;
- this chapter also reports on the Group's financial performance, particularly through its business model (see section 1.3); and
- the Group's CSR performance is one of the factors considered in determining the variable portion of the remuneration of L'Oréal's executive corporate officers (see section 2.4) and the Group's principal executives (see section 4.1.1).

1.1.2 The strategy and fundamentals of L'Oréal

1. A clear vision and strategy

L'Oréal has defined a clear vision that is broken down into two points: its Sense of Purpose (*raison d'être*), which is detailed above, and Beauty for each. L'Oréal aims to offer women and men around the world the best in cosmetics in terms of quality, effectiveness, safety, sincerity and responsibility in order to meet all their needs and all their beauty wishes in their infinite diversity. More than ever, L'Oréal's vision takes on its full meaning and represents a strong anchor in this increasingly unpredictable and complex environment.

L'Oréal's strategy is to combine both Universalisation and Singularisation. **Universalisation** involves the globalisation of brands by taking regional characteristics into consideration in order to serve and retain consumers. **Singularisation**, or "Beauty for each", takes into account a growing global trend towards self-affirmation for both men and women by providing a diverse range of offers and personalisation. The goal is to offer inclusive beauty by responding to the specific aspirations of consumers in every region of the world. In contrast to standardisation, it is based on careful attention to consumers and a deep respect for their differences.

2. One single business: beauty, nothing but beauty and all beauty

For over a century, L'Oréal has carried out a single business: creating beauty. Cosmetics are rich in meaning. They allow each person to boost their self-confidence, express their personality and open up to others.

Focusing on a single business represents a major competitive advantage for L'Oréal in a dynamic, resilient market. The Group boasts more than one hundred years of cosmetic expertise, talented specialists and an in-depth knowledge of consumers. This is built on a detailed knowledge of beauty cultures, needs, desires and aspirations. L'Oréal covers all continents across more than 150 countries, all product categories[1], all distribution channels including e-commerce and Travel Retail, and all price segments.

By focusing its energy on a single business, along with an obsession for "seizing the opportunities", L'Oréal is able to identify new consumer trends and respond rapidly. The digital revolution in particular, in perfect alignment with "social beauty", connected and shared, acts to speed up the development of the beauty market driven by economic, technological, demographic and sociological developments.

(1) Hair colour, skincare, sun care, make-up, perfumes, hygiene products etc.

3. The challenge of innovation: the strength of Research, Innovation (R&I) and Technology

Innovation has been and remains the core of the L'Oréal model: the Group was born from a breakthrough innovation – safe hair dye invented by its founder Eugène Schueller. L'Oréal believes that beauty happens when science and creativity come together to meet the needs of consumers who expect new experiences over and above products and services. The discoveries of R&I, as well as the unique intuition and creativity of the marketing teams, mean that products are constantly evolving to meet consumers' needs. Because L'Oréal records a significant share of its net sales with new products every year, the Group has a duty to be the champion of cosmetics innovation.

The beauty of the future is now focused on the Green Sciences programme on the one hand, which is based on four pillars: sustainable cultivation, biotechnology and fermentation, green chemistry and green extraction to give the Group's products a competitive advantage, and on Beauty Tech on the other hand, to enhance science using cutting-edge technologies on a large scale and offer unparalleled beauty experiences. Innovation is at the heart of the model and, coupled with technology, is a driving force for growth and discovery of new areas of beauty. Data, artificial intelligence, robotics and nanotechnologies will strengthen and speed up the Group's innovations to help make it a champion of Beauty Tech. L'Oréal also draws on some of the biggest strategic data partnerships, most notably with Bakar Labs, the biotechnology incubator of the University of California, Berkeley. In early 2024, scientists from L'Oréal Advanced Research and the University of Oregon pioneered the first successful development of a revolutionary artificial skin model that closely resembles natural human skin.

L'Oréal invents the beauty of the future while becoming the company of the future. See also the "Transformation to Beauty Tech to invent the beauty of the future" section in 1.3.3.

4. Marketing of brands, products, services and of the customer experience

Over the next decade, the cosmetics market will become more digital and competitive, with the arrival of new players notably from new markets, from a host of local independent brands on social media ("indies"), or from other industries such as fashion, luxury and e-commerce. In this context, L'Oréal's expertise and excellence in creating and developing major brands that are prized by consumers all over the world will be essential assets. L'Oréal has always been able to create star products, from brand new franchise launches to innovations that evolve into "icons" over time. The skills of the marketing departments for our brands and R&I laboratories are key assets in the collaborative, agile design of new products, services and unique consumer experiences.

5. Adapting and seizing every opportunity through multi-polar growth in each region and Division

L'Oréal's global footprint enables it to optimise its growth by continuously adapting to the context it faces, seize opportunities as they arise and minimise exposure to areas where business is slower. In terms of Zones, Europe remains the historic cradle of the Group's business, and the nerve centre of its operations. North America, currently the world's largest beauty market, is boosted by its demographics, increasing ethnic diversity and therefore expectations of beauty, and the ongoing acceleration of e-commerce. In North Asia, China continues to suffer from challenging market conditions but will remain a major contributor to Group net sales, with its consumers representing a significant source of growth for the long term. Emerging markets, including Latin America, South-East Asia, India and the Middle East, represent a major accelerator for the Group, with a rapidly growing population and current trends of urbanisation, digitalisation and empowerment of women. L'Oréal continues to expand in Africa.

The Group's four Divisions enable it to meet all consumer expectations. The Group's primary Division, Consumer Products, aims to give the best of beauty a more premium feel while also making it accessible to more people. It is the Group's main asset in its attempts to conquer the emerging markets. The Luxe Division responds to the desire for quality and experiences in the upper-middle classes. Dermatological Beauty meets increasingly high expectations in terms of skincare and remains the fastest-growing Division. Lastly, Professional Products enhances the sophistication of the market and the salon sector.

6. The dual goal: economic and corporate excellence to create lasting value for all

Economic and financial performance is not enough for L'Oréal. Because there will be no economic growth without sustainability in the future, L'Oréal has set itself the dual goal of excellence, in both the economic and societal domains. It will be the condition for its success and its long-term existence. Because L'Oréal is the global leader in beauty, it has the duty to contribute to the beauty of the planet and be a champion of CSR. And it is because L'Oréal is a social, environmental, societal and ethical leader that it will achieve greater performance in the future. The two performances go hand in hand and mutually enhance each other, as L'Oréal has demonstrated to date.

7. Prioritising people and social harmony

As the Group's founder, Eugène Schueller, declared with conviction: "a company is not walls and machines, but people, people and more people." In keeping with the tradition of our founder, individuals and social harmony are at the heart of L'Oréal and must remain our priority in a climate where attracting talent is becoming increasingly complex. The Group's values have always been humanist in nature. In entrepreneurial culture, passionate and committed teams are strategic intangible assets that always have and always will make all the difference.

L'Oréal's human and social project constitutes both the strength and the appeal of its model in an ever-changing world. It is based around two priorities: the attention paid to developing each employee through ongoing learning, accelerated career paths or international careers; and a unique social model that combines competitive social performance and shared growth (profit-sharing, incentives, employee shareholding plan, etc.). Social innovation is at the heart of this approach, with the Share & Care programme being a notable example (see chapter 4).

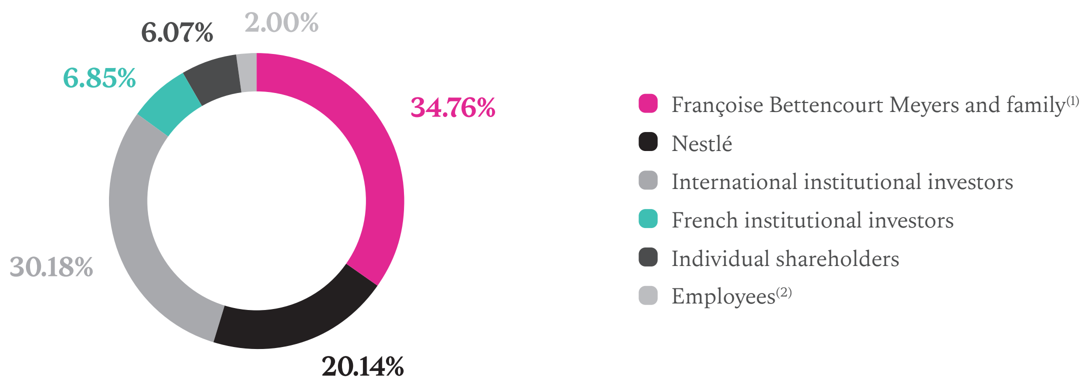
For more than 20 years, L'Oréal has been committed to diversity, equity and inclusion and is recognised for its actions worldwide. The Group's policy in this area is explained in greater detail in section 4.7.4.1.1.

1.1.3 Stable governance

The stability of the Group's governance in a changing world makes it possible to work towards long-term objectives and to ensure regular growth.

1.1.3.1 Loyal shareholders, stable capital structure

SHAREHOLDERS AS AT 31 DECEMBER 2024



(1) *Consisting, in addition to Françoise Bettencourt Meyers, of Jean-Pierre Meyers, Jean-Victor Meyers and Nicolas Meyers, along with Téthys SAS and Financière L'Arcouest SAS.*

(2) *Concerns the current and former employees of L'Oréal. The percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code. Of which 1.05% of the share capital as part of the L'Oréal Employee Savings Plan and employee investment funds as defined by Article L. 225-102 of the French Commercial Code.*

1.1.3.2 A balanced and committed Board of Directors, which fully plays its role of reflection and strategic impetus

The Board of Directors defines the strategic orientations of L'Oréal and monitors its implementation, in accordance with its corporate interest, taking the social and environmental challenges of its business activity into consideration. It oversees the management of both financial and sustainability aspects, and ensures the quality of the information provided to shareholders and to the market.

The composition of L'Oréal's Board makes it possible to take into account the specific nature of its shareholding structure while guaranteeing the interests of all its stakeholders. At 31 December 2024, the Board of Directors comprised 16 members:

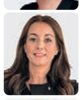
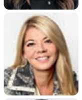
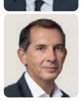
- the Chairman, Jean-Paul Agon;
- the Chief Executive Officer, Nicolas Hieronimus;
- three Directors (one of whom is the Board's Vice-Chairman) from the Bettencourt Meyers family, which owns 34.76% of the share capital – Françoise Bettencourt Meyers, Jean-Victor Meyers and Nicolas Meyers;
- two Directors (one of whom is the Board's Vice-Chairman) linked to Nestlé, which owns 20.14% of the share capital – Paul Bulcke and Béatrice Guillaume-Grabisch;
- seven independent Directors: Sophie Bellon, Fabienne Dulac, Ilham Kadri, Virginie Morgon, Patrice Caine, Jacques Ripoll and Alexandre Ricard. 50% of the Directors are therefore independent (seven out of 14 excluding the Directors representing the employees); and
- two Directors representing the employees: Thierry Hamel and Benny de Vlieger.

The Board takes steps to ensure that the Directors come from different backgrounds and that they complement one another due to their different professional experience, their skills and their international exposure (see 2.2.1.2) The diversity of skills and expertise on the Board enables it to understand rapidly and in detail the development challenges that L'Oréal faces.

L'Oréal is attentive to compliance with the principle of balanced gender representation on the Board: 43% of its members are women(1) and two Board Committees out of four are chaired by women.

(1) *Excluding the Directors representing the employees, in accordance with the French Commercial Code* (Code de commerce)*.*

COMPOSITION OF THE BOARD AT 31 DECEMBER 2024

	At 31 December 2024		Age	Gender	Nationality	Number of directorships in listed companies*	Independence	First appointed	Term of office expires (AGM)	Seniority on the Board (years)	Board Committees			
											Strategy and Sustainability	Audit	HR and Remuneration	Nominations and Governance
Chairman	Jean-Paul Agon		68	M	French			25/04/2006	2026	18	C			
Chief Executive Officer	Nicolas Hieronimus		60	M	French			20/04/2021	2025	3				
Françoise Bettencourt Meyers and her family	Françoise Bettencourt Meyers **Vice-Chairwoman**		71	W	French			12/06/1997	2025	27	●		●	●
	Jean-Victor Meyers		38	M	French			13/02/2012	2028	12	●			
	Nicolas Meyers		36	M	French			30/06/2020	2028	4		●		
Directors linked to Nestlé	Paul Bulcke ** **Vice-Chairman**		70	M	Belgian-Swiss	1		20/04/2017	2025	7	●		●	●
	Béatrice Guillaume-Grabisch		60	W	French			20/04/2016	2028	8		●		
Independent Directors	Sophie Bellon		63	W	French	2	◆	22/04/2015	2027	9			C	●
	Patrice Caine		54	M	French	1	◆	17/04/2018	2026	6	●			C
	Fabienne Dulac		57	W	French	1	◆	18/04/2019	2027	5		●	●	
	Ilham Kadri		55	W	French-Moroccan	2	◆	30/06/2020	2028	4		●		
	Virginie Morgon		55	W	French		◆	26/04/2013	2025	11		C		
	Alexandre Ricard		52	M	French	1	◆	20/04/2021	2025	3	●		●	
	Jacques Ripoll		58	M	French		◆	23/04/2024	2028	<1		●		
Directors representing the employees	Thierry Hamel		70	M	French			21/04/2022	2026	2			●	
	Benny de Vlieger		60	M	Belgian			21/04/2022	2026	2		●		

58.5 average age of Directors

50% independent Directors***

43% women Directors***

57% men Directors***

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors* ● *Member of the Committee* **C** *Chair of the Committee*

* *Number of directorships (excluding L'Oréal) held in listed companies, including foreign companies, in accordance with the provisions of Article 20 of the AFEP-MEDEF code (i.e., excluding directorships held in subsidiaries and affiliates, held alone or in concert, by an executive corporate officer of companies whose main activity is to acquire and manage said affiliates).*

** *Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017.*

*** *Excluding Directors representing the employees, in accordance with the French Commercial Code* (Code de commerce) *and the AFEP-MEDEF Code.*

ACTIVITIES OF THE BOARD AND ITS COMMITTEES IN 2024

The Board of Directors fully assumes its role in defining the Group's strategic orientations.

Thanks to an open and constructive dialogue with the General Management and regular meetings with management, the Directors are completely up-to-date with L'Oréal's economic reality and fully informed of all the Company's activities, its performances and the challenges it faces. They examine the main areas and opportunities for long-term development and material acquisitions in particular.

The Directors make sure that the decisions taken contribute to implementation of the strategy.

Wishing to continually enhance its role to reflect on issues and drive strategic decision-making, in 2024, the Board carried out an evaluation of its *modus operandi* and organisation, as it has done every year since 1996 (see 2.3.5).

BOARD OF DIRECTORS

7 meetings in 2024 – 99.2% attendance rate

MAIN WORK IN 2024

- **Corporate governance:**
  - Changes in the composition of the Board and its Committees, preparation of draft resolutions on appointments and re-appointments.
  - Basis for dialogue with shareholders, investors and proxy advisors, including feedback.
  - Evaluation of the *modus operandi* of the Board and executive session.
- Remuneration policy for corporate officers, human resources including employee shareholding plans, gender balance within management bodies, diversity, equity and inclusion, Long Term Incentives policy.
- **Business activity and results:** definition of strategic orientations, taking into account social and environmental issues; systematic review of the Group's results and analysis of trends in the cosmetics market; analysis of acquisition projects.
- **Strategic themes reviewed in 2024:** CSR, Ethics, Human Resources, Digital (including AI), Consumer Products Division, Cybersecurity.
- **Strategic seminar held in June 2024:** L'Oréal Dermatological Beauty Division, regulatory risks, artificial intelligence.
- **Risk management**: risk mapping, update on the Listing Act.
- **Training**: responsible marketing, Responsible Framework for Trustworthy AI and communication policy on social media.

STRATEGY AND SUSTAINABILITY COMMITTEE	AUDIT COMMITTEE	NOMINATIONS AND GOVERNANCE COMMITTEE	HUMAN RESOURCES AND REMUNERATION COMMITTEE
6 meetings – 100% attendance rate	*5 meetings – 100% attendance rate*	*5 meetings – 100% attendance rate*	*5 meetings – 82.9% attendance rate*
2024 MAIN ACTIVITIES	**2024 MAIN ACTIVITIES**	**2024 MAIN ACTIVITIES**	**2024 MAIN ACTIVITIES**
• **Strategy:** • Analysis of net sales, update on business activities, market trends and competition • Analysis of the performance of recent product launches • Review of acquisition and partnership projects • Review of the Group's strategic development prospects • **Sustainability:** • Review of recent initiatives • Context and progress report five years after the launch of the L'Oréal for the Future programme • Sustainable packaging strategy • Review and validation of the plan to reduce carbon intensity in line with the SBTi net zero trajectory	• **Oversight of the process for preparing financial information:** • Review of annual and interim results, analysis of operating income by Division and Zone • Treasury and financing • Review of Statutory Auditors' Reports • Review of the Statutory Auditors' audit plan for 2024 • **Internal control, risks and compliance:** • Review of the internal control systems • Monitoring of Internal Audit activities, including CSR and cyber security • Risk mapping • Data privacy • Update on legal risks • **Monitoring of the process for preparing non-financial information and non-financial risks:** • Update on sustainability reporting regulations • Update to the double materiality assessment • Review of climate and nature risks: main TNFD and TCFD points • Appointment of sustainability auditors	• **Composition of the Board:** • Reflection on the composition of the Board and its Committees in the short and medium term, and definition of the profiles sought • Reflection on the skills matrix for directors • Onboarding of Jacques Ripoll • **Governance:** • Analysis of 2024 voting policies for investors and proxy advisors • Review of the independence of Directors • Review of the results of the Board's self-assessment • Review of the executive session held in December 2023 • Values Committee: 2024 report • **Succession plans and emergency plans**: annual review • **Regulatory updates and knowledge of market practices and expectations:** • "Attractiveness Act" of 13 June 2024 • Women on Board Directive • Review of the 2024 General Meeting season	• **Remuneration of corporate officers:** • Analysis of the voting policies of investors and proxy advisors concerning remuneration • Remuneration of corporate officers: – 2023: performance review – 2024: setting of objectives and weightings for criteria applicable to the Chief Executive Officer – 2025: recommendations concerning executive corporate officer remuneration policies • Say-on-pay: draft resolutions • Pay ratios • **Remuneration of Directors:** Breakdown for 2024 and policy for 2025 • **Annual review of ongoing regulated agreements.** • **Human Resources policy:** • L'Oréal remuneration policy • HR transformation programmes (Simplicity, etc.) • Overview of employee shareholders at L'Oréal • Diversity policy and gender balance on management bodies • **Long-term incentives policy:** • Recording of performance relating to the ACAs Plan of 2020 • Preparation of the 2024 ACAs Plan • Draft ACAs resolution for the 2024 General Meeting, including non-financial performance criteria.

1.1.3.3 Composition of the Executive Committee at 1 March 2025

The Executive Committee puts into practice the strategic orientations defined by the Board of Directors and directs L'Oréal's business activities all over the world. Its members head the Operational Divisions, the Support Divisions and the geographic Zones, reflecting the complementarity of the Group's expertise.

Nicolas Hieronimus
Chief Executive Officer
Nationality: French
Age: 61

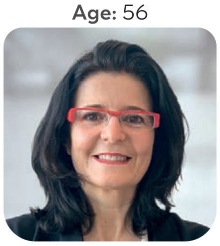
Barbara Lavernos
Deputy Chief Executive Officer in charge of Research, Innovation and Technology
Nationality: French
Age: 56

Christophe Babule
Chief Financial Officer
Nationality: French
Age: 59

Ezgi Barcenas
Chief Corporate Responsibility Officer and L'Oréal Foundation
Nationality: Cypriot/American
Age: 40

Vincent Boinay
President of North Asia Zone and Chief Executive Officer of L'Oréal China
Nationality: French
Age: 57

Cyril Chapuy
President – Luxe
Nationality: French
Age: 54



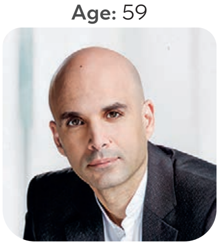
Myriam Cohen-Welgryn
President – Dermatological Beauty
Nationality: French
Age: 59

Vianney Derville
President – Europe Zone
Nationality: French
Age: 57

Asmita Dubey
Chief Digital and Marketing Officer
Nationality: Indian
Age: 51

Emmanuel Goulin
President – Travel Retail
Nationality: French
Age: 48

David Greenberg
President – North America & Chief Executive Officer L'Oréal USA
Nationality: American
Age: 62



Omar Hajeri
President – Professional Products
Nationality: French/Tunisian
Age: 48

Blanca Juti
Chief Corporate Affairs & Engagement Officer
Nationality: Finnish/Mexican
Age: 56

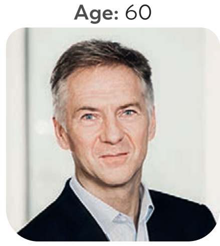
Jean-Claude Le Grand
Chief Human Relations Officer
Nationality: French/American
Age: 60

Fabrice Megarbane
Chief Global Growth Officer
Nationality: French/Syrian
Age: 50

Alexis Perakis-Valat
President – Consumer Products
Nationality: French/Greek
Age: 53

Ersi Pirishi
President – Latin America Zone
Nationality: French/Cypriot
Age: 60

Vismay Sharma
President – South Asia Pacific, Middle East, North Africa Zones
Nationality: Indian
Age: 53



Antoine Vanlaeys
Chief Operations Officer
Nationality: French
Age: 56

1.1.3.4 Ethics, at the heart of the Group's governance and commitments

L'Oréal has built up its business on the basis of strong ethical principles that guide its development and contribute to establishing its reputation: Integrity, Respect, Courage and Transparency. These principles underpin the Group's culture and business model and its compliance, responsible innovation, CSR, philanthropy, Human Rights, and diversity, equity and inclusion policies.

L'Oréal's commitments to act ethically and responsibly are set out in L'Oréal's Code of Ethics. This document, available in 30 languages and as an audiobook in French and English, is made available to all employees worldwide. Country Managers (or for Corporate or Zone staff, the members of the Executive Committee to whom they report) are responsible for ensuring compliance with the Code.

1.1.4 A tailored, agile and responsive organisation

The Group's organisation responds to a dual challenge: pursuing the strategy which has enabled L'Oréal to be successful over the last 115 years and at the same time inventing the new L'Oréal of the future, perfectly matched to an ever-changing world.

From an organisational and managerial perspective, L'Oréal is strategically centralised and operationally decentralised with a strong entrepreneurial spirit. This unique model empowers its in-country teams and guarantees flexibility and excellence on the ground. This organisational structure is perfectly suited to the current environment, with Zones aligned more closely with consumers.

L'Oréal SA parent company

L'Oréal SA is a French company, with its head office in France. It acts as a holding company and provides strategic coordination, particularly for brands, as well as Research & Innovation and technical coordination for the L'Oréal Groupe throughout the world. It also carried on a sales activity, until this was entrusted on 1 July 2023 to L'Oréal France and L'Oréal International Distribution, as approved by the Annual General Meeting of 21 April 2023 in its 19th and 20th resolutions.

The subsidiaries operate the Group's business activities in the countries or region(s) in which they are located, on the domestic or export markets. To do so, they define the development strategy specific to their market(s), make the most suitable choices in terms of consumer targets and distribution channels, manufacture, directly or indirectly, and market the brands they decide to sell on their market(s).

Almost all of the subsidiaries are owned by L'Oréal SA, which has a holding or control percentage equal or close to 100%[1]. The detailed list of these subsidiaries is set out in the notes to the consolidated and parent company financial statements.

Operational Divisions

The Group's business activities are organised into four Operational Divisions. In the markets, each of these Divisions develops and enhances its brand portfolio with consumers (see below).

By establishing the Group-wide Travel Retail governance subsidiary, the Group has given itself the resources to grow this influential segment using a global shopper strategy: a bespoke approach designed, at the destinations favoured by each nationality, to personalise the experience on the basis of the language, culture and beauty rituals of travellers.

Geographic Zones

The Group's organisation enables L'Oréal to give more coherence to each Zone, particularly in terms of consumer behaviour and market maturity, in order to create the conditions for a cross-functional transformation of the organisation and to maximise growth.

The geographic Zones, each of which has operational responsibility for the subsidiaries in their market, are as follows:

- Europe Zone;
- North America Zone;
- North Asia Zone brings together mainland China, Hong Kong SAR, Taiwan region, Japan and South Korea;
- the SAPMENA Zone[2] incorporates South Asia, the Pacific, the Middle East and North Africa;
- the SSA[2] Zone, incorporating sub-Saharan Africa; and
- Latin America Zone.

Functional Divisions

Several specialist corporate departments provide their expertise and support to the Operational Divisions, to subsidiaries in their markets and to the other business activities (see section 1.3.2).

(1) *Furthermore, it should be noted, that pursuant to Article L. 232-1 of the French Commercial Code, L'Oréal SA has branches.*
(2) *Grouped into the SAPMENA Zone for reporting purposes.*

A global business focused on beauty

L'ORÉAL'S 4 DIVISIONS AND ITS MAJOR BRANDS

37 INTERNATIONAL BRANDS

Consumer Products

Democratising the best of beauty.

€16.0bn	37%	21.1%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

L'ORÉAL PARIS · GARNIER · MAYBELLINE NEW YORK · NYX PROFESSIONAL MAKEUP · 3CE STYLENANDA · essie · Mixa

Luxe

Creating the best in luxury beauty via breakthrough innovations, meaningful commitments and memorable experiences.

€15.6bn	36%	22.3%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

LANCÔME · YVES SAINT LAURENT · ARMANI beauty · Kiehl's · HR · VALENTINO · Aēsop. · PRADA · BIOTHERM · shu uemura · IT COSMETICS · MUGLER · URBAN DECAY · RALPH LAUREN · AZZARO · Maison Margiela PARIS · VIKTOR&ROLF · TAKAMI · DIESEL · MIU MIU

Dermatological Beauty

Being pioneers in sustainable and life-changing dermatological solutions.

€7.0bn	16%	26.1%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

LA ROCHE-POSAY · CeraVe · VICHY · SKINCEUTICALS

(1) As a percentage of sales at 31 December 2024.

Professional Products

Offering professional beauty to all.

€4.9bn	11%	22.2%(1)
SALES	OF GROUP SALES	OPERATING MARGIN

L'ORÉAL PROFESSIONNEL PARIS · KÉRASTASE · REDKEN · matrix · BIOLAGE · PUREOLOGY

ALL PRODUCT CATEGORIES

- Skincare
- Make-up • Hair colourants
- Haircare • Perfumes
- Hygiene products

ALL DISTRIBUTION CHANNELS

- Hair salons • Local stores in new markets
- E-commerce
- Travel retail • Mass market retail
- Department store perfumeries • Pharmacies
- Drugstores • Medi-spas • Free-standing stores

THE 5 GEOGRAPHIC ZONES

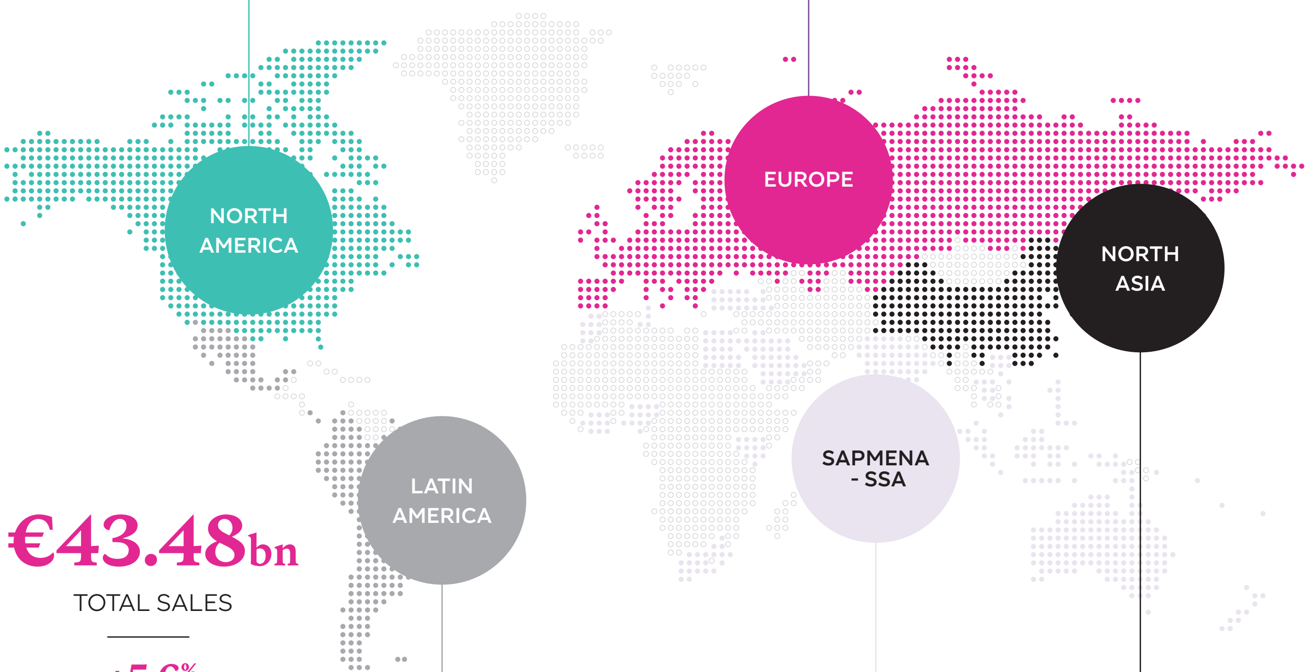
3
Zones with sales of over €10bn

2
Zones promising future growth

150+ Countries
International footprint

€11.81bn
SALES
27.1% of Group sales
+5.9% growth in sales 2024(1)

€14.21bn
SALES
32.7% of Group sales
+9.3% growth in sales 2024(1)



€43.48bn
TOTAL SALES
+5.6%
growth in sales in 2024(1)

€3.30bn
SALES
7.6% of Group sales
+13.3% growth in sales 2024(1)

€3.86bn
SALES
8.9% of Group sales
+12.0% growth in sales 2024(1)

€10.30bn
SALES
23.7% of Group sales
-3.4% growth in sales 2024(1)

(1) *Reported figures.*

1.1.5 Significant dates in the Group's development

1909
- Founding of Société Française de Teintures Inoffensives pour Cheveux by Eugène Schueller

1928
- *Monsavon*

1929
- Imédia, the first rapid oxidative hair dye

1934
- *DOP*

1935
- Ambre Solaire, the first filtering sun protection oil

1953
- Cosmair becomes L'Oréal's agent in the United States

1960
- Launch of Elnett hairspray

1963
- Listing of L'Oréal on the Paris Stock Exchange

1964
- *Lancôme*

1965
- *Laboratoires Garnier*

1970
- *Biotherm*

1973
- *Gemey, entry into consumer make-up*

1979
- First epidermis model reconstructed by L'Oréal's Research department

1981
- Creation of Laboratoires dermatologiques Galderma

1988
- *Armani licence*

2000
- Creation of the Chinese subsidiary
- *Matrix and Kiehl's since 1851*

1998-2000
- *Softsheen and Carson*

2004
- *Absorption of holding company Gesparal*

2003
- *Acquisition of majority control of Shu Uemura*

1989
- *La Roche-Posay*

1993
- *Redken 5th avenue*

1994
- *Acquisition of US agent Cosmair*

1996
- *Maybelline*

2006
- *The Body Shop*

2007
- Creation of the L'Oréal Corporate Foundation

2008
- *YSL Beauté*

2009
- L'Oréal celebrates its 100-year anniversary and has set a goal to attract one billion new consumers

2016
- *IT Cosmetics*

2015
- *Niely Cosméticos*

2018
- *Modiface, Armani (licence renewal), Stylenanda, Pulp Riot, Valentino (licence), Thermes de la Roche-Posay*

2017
- *CeraVe*
- Disposal of The Body Shop

2010
- *Essie Cosmetics*

2012
- *Urban Decay*

2013
- Announcement of the Sharing Beauty with All programme for 2020 and the Share & Care programme

2014
- L'Oréal/Nestlé Strategic Agreement
- *Magic Holdings and NYX Professional Makeup*
- Disposal of Galderma

2019
- *Prada licence*

2020
- Definition of the Sense of Purpose *(raison d'être)*: Create the beauty that moves the world.
- Announcement of the L'Oréal for the Future programme for 2030
- *Mugler and Azzaro fragrances*

2021
- *Takami Co and Youth To The People*
- L'Oréal announces a reorganisation of geographic zones
- Agreement between L'Oréal and Nestlé for the repurchase by L'Oréal of 4% of its own shares held by Nestlé

2022
- *Skinbetter Science in the United States*
- L'Oréal's 1st €3 billion bond including a tranche linked to sustainable development goals

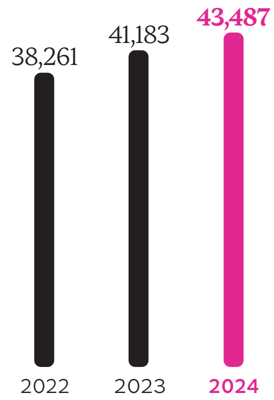
2023
- *Aēsop and Lactobio*
- Creation of the L'Oréal Climate Emergency Fund
- 60 years of L'Oréal on the stock market

2024
- Group's 115th anniversary
- *Acquisition of a 10% stake in Galderma*
- *Gjosa and Dr. G.*
- *Miu Miu licence (entered into force January 2025)*
- 4th employee shareholding plan

- *Acquisitions or licences*
- Important dates

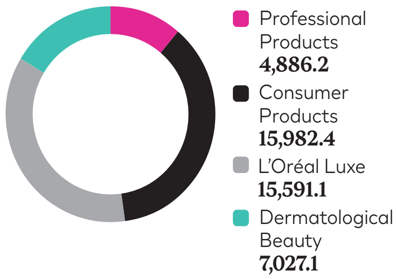
1.1.6 Key figures for 2024

CONSOLIDATED SALES
(€ millions)

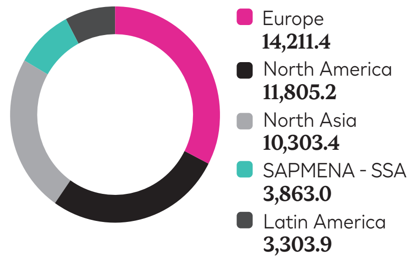


BREAKDOWN OF SALES
(€ millions)

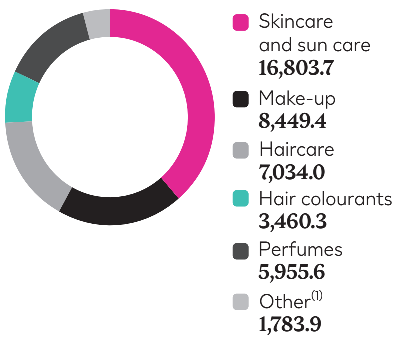
BY OPERATIONAL DIVISION



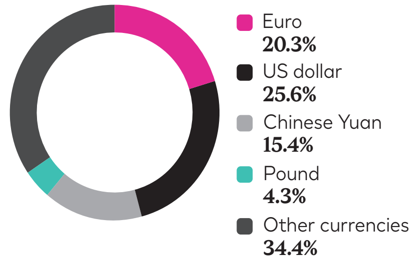
BY GEOGRAPHIC AREA



BY BUSINESS SEGMENT

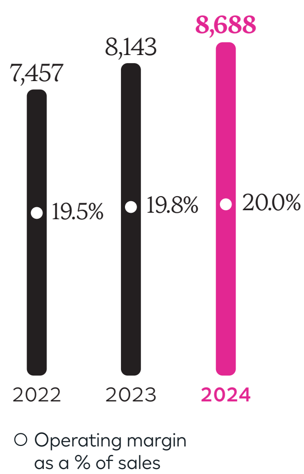


BY CURRENCY

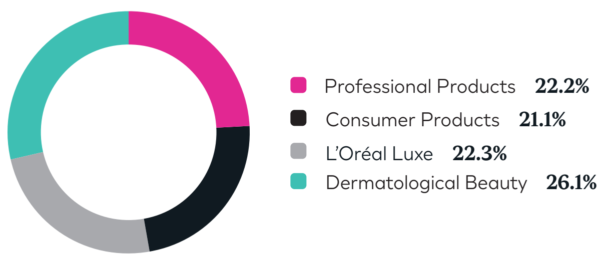


(1) "Other" includes hygiene products and sales by American distributors with non-Group brands.

OPERATING PROFIT
(€ millions)



BREAKDOWN OF OPERATING PROFIT BY OPERATIONAL DIVISION



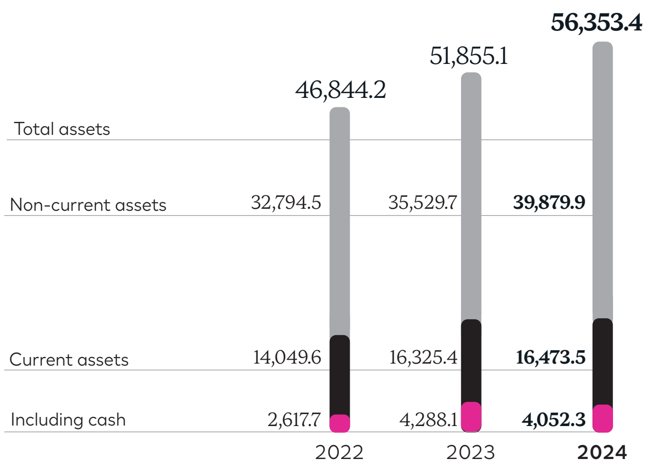
NET PROFIT EXCLUDING NON-RECURRING ITEMS[1] ATTRIBUTABLE TO THE OWNERS OF THE COMPANY
(€ millions)

EARNINGS PER SHARE[2]
(€)

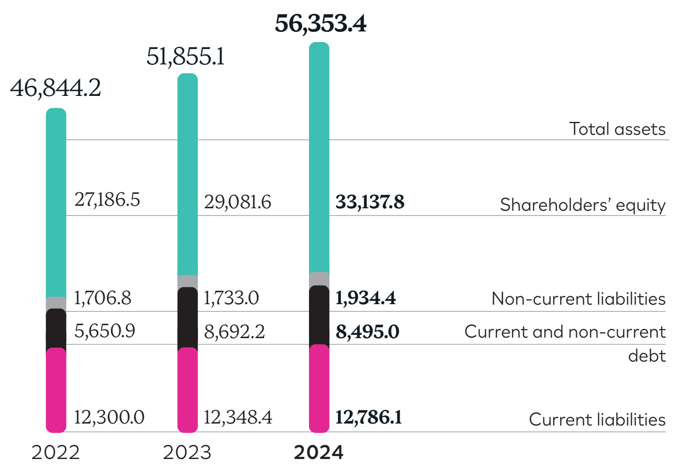
(1) Non-recurring items primarily include capital gains or losses on disposals of long-term assets, impairment of assets, restructuring costs and clearly identified, non-recurring income and expense items that are material to the consolidated financial statements. See note 11.4 to the consolidated financial statements.
(2) Diluted earnings per share excluding non-recurring items, after non-controlling interests.

SOLID BALANCE SHEET
(€ millions)

ASSETS



LIABILITIES



NET DEBT

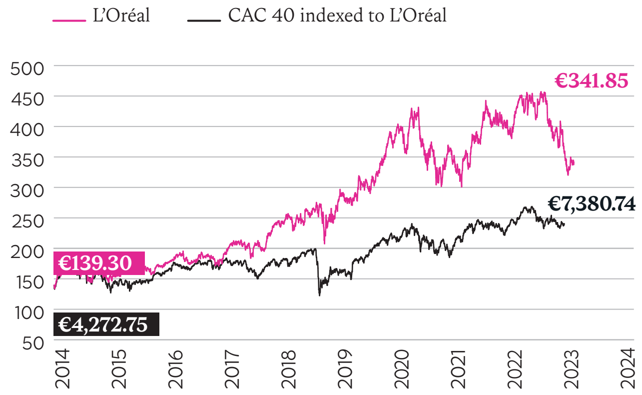
	31.12.2022	31.12.2023	31.12.2024
Net cash position = Net cash or net debt (€ millions)[1]	(3,033.2)[2]	(4,404.0)[2]	(4,442.7)[2]
Net debt ratio (Net financial position/Equity)	11.2%	15.1%	13.4%

(1) Net cash or net debt = cash and cash equivalents - current and non-current liabilities.
(2) Including IFRS 16 lease liabilities for €1,620.5 million in 2022, €1,854 million in 2023 and €1,926.6 million in 2024.

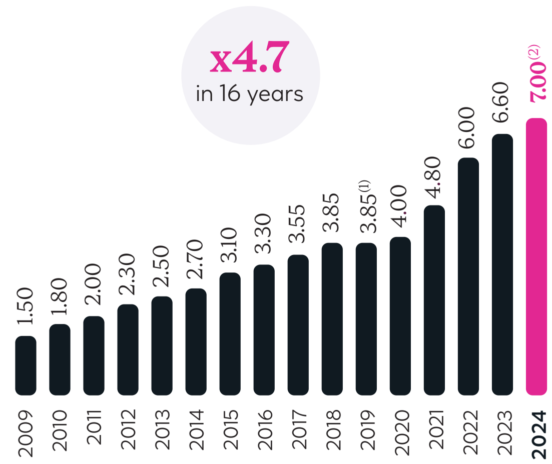
SHORT-TERM AND LONG-TERM RATINGS

	Short-term rating	Long-term rating
S&P Global	**A1+** SEPTEMBER 2024	**AA** SEPTEMBER 2024
Moody's	**PRIME - 1** MARCH 2022	**AA1** MARCH 2022

CHANGE IN THE L'ORÉAL SHARE PRICE COMPARED TO THE CAC 40 INDEX
(from 31 December 2014 to 31 December 2024)



STEADY INCREASE IN DIVIDEND PER SHARE
(€)



(1) *The L'Oréal Board of Directors met on 12 May 2020 and, in the exceptional context of the Covid-19 health crisis, decided not to proceed with the planned 10.4% dividend increase and to propose a dividend of €3.85 to the Annual General Meeting, identical to the amount paid in 2019.*
(2) *Dividend proposed to the Annual General Meeting of 29 April 2025.*

5-YEAR CHANGE OF A PORTFOLIO OF APPROXIMATELY €15,000 INVESTED IN L'ORÉAL SHARES WITH REINVESTMENT OF DIVIDENDS

Date of transaction	Nature of transaction	Investing activities (€)	Income (€)	Number of shares after the transaction
31.12.2019	Purchase of 57 shares at €264.00	15,048		57
07.07.2020	Dividend €3.85 per share		219	57
	Reinvestment: purchase of 1 share at €288.30	288.30		58
29.04.2021	Dividend €4.00 per share		232	58
	Reinvestment: purchase of 1 share at €343.10	343.10		59
29.04.2022	Dividend €4.80 per share		283	59
	Reinvestment: purchase of 1 share at €348.90	348.90		60
28.04.2023	Dividend €6.00 per share		360	60
	Reinvestment: purchase of 1 share at €432.75	432.75		61
30.04.2024	Dividend €6.60 per share		403	61
	Reinvestment: purchase of 1 share at €439.65	439.65		62
TOTAL AS OF 31 DECEMBER 2024		**16,901**	**1,497**	**62**
TOTAL NET INVESTMENT		**15,403**		

Portfolio value at 31 December 2024 (62 shares at €341.85, price at 31 December 2024): €21,195.

The initial share capital has thus been multiplied by 1.4 over 5 years (5-year inflation rate = 12.37% - Source: INSEE) and the final share capital is 1.4 times the total net investment.

The Total Shareholder Return of the investment is thus 6.6% per year (assuming that the shares are sold on 31 December 2024, excluding tax on capital gains).

Note: Any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

L'ORÉAL RECOGNISED FOR ITS NON-FINANCIAL PERFORMANCE

CDP: AAA RATING

Securing a AAA rating for the ninth consecutive year consolidates the L'Oréal Groupe's leadership position. Recognition by CDP (a not-for-profit organisation that encourages companies to publish their environmental data) is a testament to L'Oréal's strong sustainability performance in relation to its effort to address climate change, protect forests and ensure water security. *Website: www.cdp.net*

ECOVADIS: SCORE OF 84/100 – PLATINUM MEDAL

The Group was awarded a Platinum medal for the third year in a row when it was assessed by the rating agency EcoVadis. This award puts it in the top 1% of companies evaluated by the non-financial rating agency. The assessment considers four broad pillars: ethics; environment; social and human rights; responsible purchasing. *Website: www.ecovadis.com*

SUSTAINALYTICS: SCORE OF 19.5 – LOW RISK

L'Oréal received a score of 19.5 – Low Risk from Sustainalytics. This score places the Group in third place in the "Personal products" sub-category and among the top six companies in the "Household products" industry. *Website: www.sustainalytics.com*

MSCI: AA-RATING

L'Oréal was awarded an AA-rating on a scale of AAA-CCC by the MSCI rating agency. This non-financial assessment is based on an analysis of the ESG risks faced by companies and on how the companies manage these risks compared to their peers. MSCI's assessment of companies' ESG performance aims to provide investors with information to facilitate investment decisions. *Website: www.msci.com*

ISS ESG: "PRIME" STATUS

For the 13th year running, L'Oréal achieved a "Prime" rating in the ESG Corporate Rating assessment conducted by the ISS ESG rating agency. In particular, this classification recognises companies performing above the threshold set for the Household & Personal Products industry. It should be noted that this assessment includes a study of company performance based on an analysis of environmental, social and governance data.
Website: www.issgovernance.com/esg

FTSE4GOOD: INCLUSION IN THE INDEX

The worldwide index provider FTSE Russell has determined that L'Oréal meets the FTSE4Good criteria and is thus eligible for inclusion in the corresponding index series. This recognition highlights the Group's environmental, social and governance credentials
. *Website: https://www.lseg.com/en/ftse-russell/indices/ftse4good*

FTSE DIVERSITY & INCLUSION INDEX: 5TH[th] PLACE

L'Oréal featured in the Top 100 of the FTSE Diversity & Inclusion Index[(1)] in 2024. It ranked fifth in the world and first among French companies, out of more than 15,500 international companies assessed. *Website: www.lseg.com/en/ftse-russell*

EQUILEAP GENDER EQUALITY REPORT & RANKING

L'Oréal ranks ninth in the 2024 Equileap Global Gender Equality Report & Ranking, out of 3,795 listed companies assessed in 27 countries, and first in France. *Website: www.equileap.com*

ETHISPHERE: HONOURABLE MENTION

In 2024, L'Oréal was recognised for the 15th time as one of the world's most ethical companies. The Ethisphere Institute's ranking recognises the companies with the most advanced business ethics practices. *Website: www.ethisphere.com*

UNIVERSUM: TOP 10

For the fifth year running, L'Oréal secured a place in the Top 10 of the Universum ranking of the world's most attractive employers for business school graduates, ranking eighth worldwide. This result underlines L'Oréal's continuing appeal to future employees, cementing its position as Europe's top-ranked company and the only fast-moving consumer goods company in the Top 10. *Website: www.universumglobal.com*

(1) *Formerly 'Refinitif Diversity & Inclusion Index'.*

1.2 Beauty market

1.2.1 The essentiality of beauty

The desire for beauty is a universal aspiration that transcends time, borders and cultures. Beyond appearances, beauty is a journey that shapes our identity, individually and collectively. From the dawn of humanity to the metaverse, no human culture has existed without cosmetics[1].

Beauty regimes are an integral part of personal care and also play a role in social interaction. Personal hygiene rituals are a part of our lives from birth until death. All the major stages of life, whether individual or collective celebrations such as birthdays, weddings, births and coming of age ceremonies, with the first shave or application of makeup, are all marked by beauty rituals. Beauty is more than an individual quest; it is a social balm. It connects us to ourselves and to others.

Beauty and health are intimately related. Nearly two billion people suffer from skin problems[2]. The beauty industry plays a key role in preventing skin conditions such as melanoma (saving $250 million a year in the US[3] alone), and in effectively treating other skin conditions such as acne and eczema, which can have a detrimental effect on well-being and mental health.

Beauty gives us a sense of belonging to a community: there are conventions in beauty, makeup and clothing. It is a means of integration, but also of expressing difference. Mastering the language of beauty is a social asset. Beauty plays an important role in self-affirmation and identity: it builds confidence and enhances well-being. It reflects societal changes: it has always accompanied transformation, whether in terms of hair length or attitudes to makeup. It defies norms and stereotypes.

For several years now, we have been living in the era of "social beauty", connected and shared, with the ubiquity of digital technology and social networks acting as a formidable accelerator for the beauty market. First, because the proliferation of tutorials and virtual trials is facilitating the adoption and correct use of beauty products. Furthermore, because buying products online has never been easier, the growth of e-commerce allows us to reach more consumers, well beyond the traditional retail sector. E-commerce now accounts for a quarter of beauty product sales worldwide, accelerated by the Covid-19 crisis. It will be the main distribution channel of the 21st century, and has immense potential for development in many countries.

Focused on consumers, L'Oréal acts responsibly throughout the value chain, driven by excellence and technology that enhances its innovation, production and logistics management capabilities. New solutions are being developed to respond specifically to the new challenges of personalisation expected by consumers, and of flexibility and traceability.

(1) L'Oréal and the Louvre Museum entered into an exceptional partnership in 2024 to celebrate beauty through the ages. The "De toutes beauté" experience, featuring 108 works of art spanning more than 10,000 years of history, allows visitors to understand and decipher beauty, its practices, its representations and its role through the ages and across cultures.

(2) British Journal of Dermatology (2015).

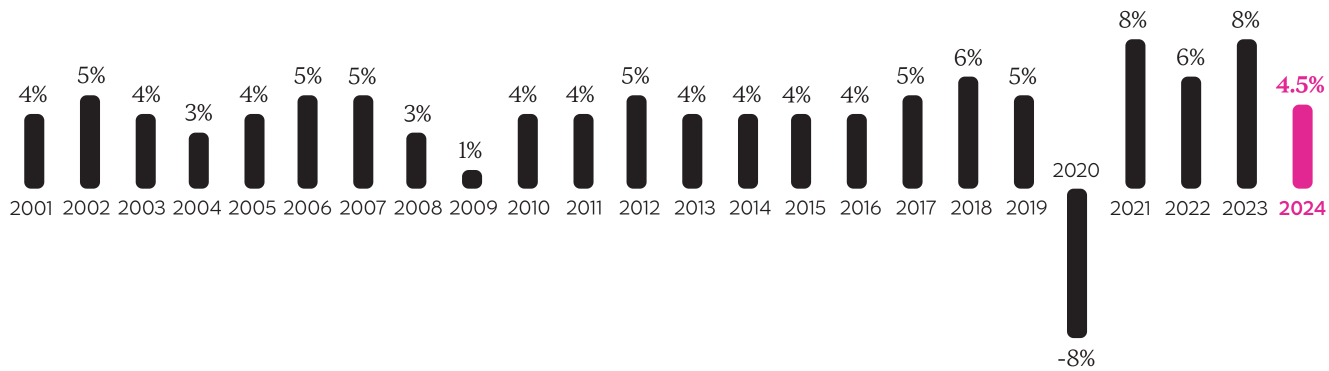
(3) National Center for Chronic Disease Prevention and Health Promotion (NCCDPHP) – Health and Economic Benefits of Skin Cancer Interventions.

1.2.2 The beauty market, rapidly expanding in an ever turbulent macroeconomic environment

Important: *the competitive positions and market shares held by the Group's Divisions and brands mentioned in this Document are based on studies, panels and polls obtained from specialised organisations and companies, or, in the absence of comprehensive studies, are the result of estimates made by L'Oréal on the basis of available statistical data.*

In 2024, the beauty market returned to more normal growth after the strong expansion of the post-pandemic era as consumer markets reopened. This return to more traditional dynamics underlines the resilience of the sector, propelled by innovation and Beauty Tech in particular, along with the increasing customisation of products and services to meet the specific needs of each consumer. This trend, combined with strong demand from younger consumers, especially in Asia, is shaping a holistic market in the throes of change.

ESTIMATED VARIATION IN THE WORLDWIDE COSMETICS AND BEAUTY INDUSTRY FROM 2000 TO 2024[1]



The beauty market continues to distinguish itself as a dynamic sector, driven by constant innovation and sustained demand for high-quality, high-performing and meaningful products.

Worth more than €290 billion in 2024[1], the beauty market has proved resilient, adaptable and prosperous, despite the geopolitical and economic upheaval surrounding it.

This industry benefits from many key growth drivers, including:

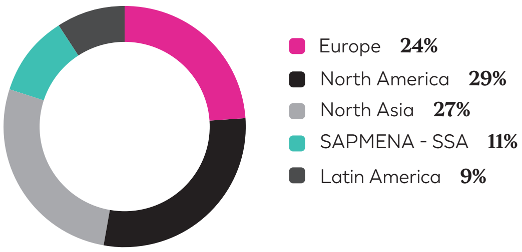
- the increasing global population and the emergence of middle classes[2];
- strong growth in the economies of emerging countries;
- the quest for quality and continued premiumisation (expectation of products with high added value); and
- a dynamic dermocosmetics market, positioned at the crossroads of beauty and health.

The cosmetics consumer always looks for quality and puts a premium on trends, new ideas, or leading-edge technology.

(1) *Source: L'Oréal estimates of the worldwide cosmetics market based on net manufacturer prices. Excluding soap, toothpaste, razors and blades. At constant exchange rates.*
(2) *According to World Data Lab, 700 million people will join the ranks of the world's middle class by 2030.*

THE GLOBAL ESTIMATED COSMETICS MARKET IN 2024: > €290 BILLION[1]

BY GEOGRAPHIC AREA



BY PRODUCT CATEGORY

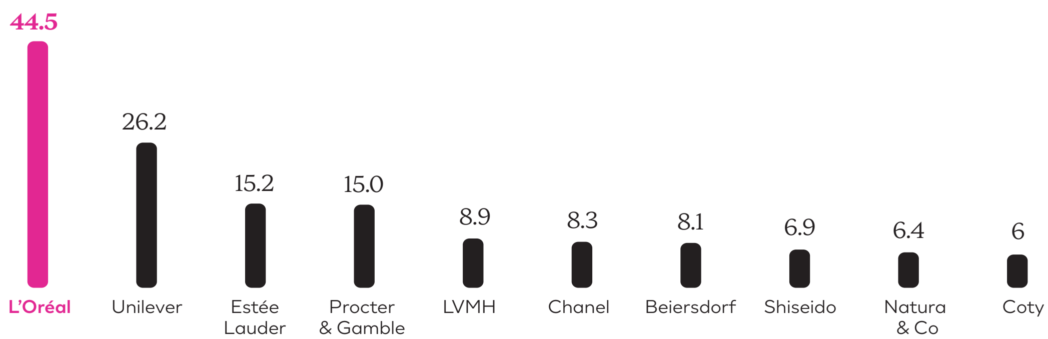
Despite a challenging global environment, the sector continues to grow, driven by the vitality of many regions and the unfailing appeal of beauty to consumers.

With its rich cultural and economic diversity, the SAPMENA Zone is emerging as a key growth driver for the industry, drawing strength from the rise of the middle classes, a young and connected population, and a growing appetite for both traditional and innovative beauty products.

Beauty has become an essential for many consumers, making the industry less sensitive to economic fluctuations. The industry is able to adapt to new market realities by focusing on innovation, digital technology and diversification of its distribution channels.

THE MAIN WORLDWIDE PLAYERS

2023 net sales in USD billions. Companies are ranked by volume of sales of beauty products for the calendar year 2023. Estimated figures are given for companies whose financial year does not run from 1 January 2023 to 31 December 2023[1].



In 2023, the top 10 cosmetics companies generated aggregate net sales of approximately USD 146 billion, or 59.4% of the total revenue of WWD Beauty's Top 100.

(1) Source: Beauty's Top 100, WWD, April 2024.

1.3 Value-creating model

1.3.1 Business model CSRD[1]

The Beauty Industry

Outlook and challenges

A resilient, growing market

Beauty is an essential need for humanity

Increasing demand from the middle classes in emerging countries

Premiumisation of beauty

Increasing digitalisation towards the provision of personalised, connected and shared beauty solutions

Sustainability matters

Need for an ecological and inclusive transition in the context of limited natural resources and climate change

Consumer orientation towards more sustainable choices

Responsible marketing and advertising

Impacts, risks and opportunities

(see double materiality assessment in section 4.1.3)

Our Sense of Purpose (raison d'être)

Create the beauty

Our Strengths

NO. 1 IN BEAUTY

Our sole business: beauty, nothing but beauty and all beauty

A unique portfolio of brands

A balanced, multi-polar model (Zones, Divisions, categories, distribution networks)

A global industrial footprint

Steady and sustainable economic and financial performance

Recognised social and environmental performance

(see chapter 4 and section 1.1.6)

Committed and qualified employees

Loyal shareholders and stable governance

(see section 1.1.3.)

Culture of ethics, based on four Principles: Integrity, Respect, Courage and Transparency

Our Strategy

UNIVERSALISATION AND SINGULARISATION

Universalisation involves the globalisation of brands by taking regional characteristics into consideration in order to serve and retain 1.5 billion consumers.

Singularisation takes into account a growing global trend towards self-affirmation for both men and women by providing a diverse range of offers and personalisation. The goal is to offer inclusive beauty by responding to the specific aspirations of consumers in every region of the world. In contrast to standardisation, it is based on careful attention to consumers and a deep respect for their differences.

BEAUTY FOR EACH

L'Oréal aims to offer women and men around the world the best in cosmetics in terms of quality, effectiveness, safety, sincerity and responsibility in order to meet all their needs and all their beauty wishes in their infinite diversity.

(1) *This paragraph incorporates by reference the information required by the CSRD (ESRS 2 SBM-1) for the sustainability report (section 4.1).*

that moves the world

Our Strategic Drivers

6 DRIVERS

Research & Innovation and the Green Sciences programme *(see section 4.5.3.1.2)*

Creativity at the service of our brands

Operational and safety excellence

Digital and Beauty Tech

Multi-channel distribution

Sustainability commitments *(see section 1.4.2.)*

L'ORÉAL FOR THE FUTURE

TRANSFORMING OUR BUSINESS

EMPOWERING OUR ECOSYSTEM IN OUR TRANSFORMATION

CONTRIBUTING TO GLOBAL CHALLENGES

Our Dual Objective

ECONOMIC AND CORPORATE EXCELLENCE

to create sustainable value for all

1.3.2 Value chain CSRD (1)

Value chain

Research, Innovation and Technology

- 694 patents filed in 2024
- €1,354m in 2024 expenditure (3% of sales)
- 21 cosmetics research centres, 13 assessment centres, 1 advanced research centre
- More than 4,200 employees in the Research team

Design

- In 1989, end of animal testing for finished products
- Development of predictive method with the production of reconstructed skin

Sourcing

- 1,147 social audits were conducted in 2024
- 75% of the number of newly listed raw materials are renewable or derived from abundant minerals

Factories and logistics hubs

- 36 factories worldwide
- In 2024, 100% of the Group's plants were ISO 9001 certified and 100% were ISO 22716 certified (see section 1.3.5.)

Performance of the L'Oréal for the Future programme in 2024 (See SECTION 1.4.2)

- **66%** of our ingredients in formulas are biobased, derived from abundant minerals or from circular processes
- **97%** achievement of renewable energy at operated sites[3]
- **37%** of plastic packaging is from recycled or biobased sources.
- **53%** of the water used in our industrial processes is from recycled and reused sources

Creating value for our stakeholders

Employees

- 45,000 employees out of more than 90,000 are L'Oréal shareholders
- 25,000 job opportunities created for young people under 30 each year

Scientific community and start-ups

- €1.3bn invested in Research & Innovation
- More than 20 minority investments made by BOLD over the beauty value chain including brands, tech, platforms and biotech

Suppliers

- €50 million invested in the Solstice debt fund, co-created with Chenavari to support the decarbonisation of industrial suppliers
- 49% of plastic packaging refillable, reusable, recyclable or compostable in 2024

Customers and distributors

- Partnerships with customers and distributors as part of the *Green Joint Business Plans* to encourage more sustainable consumption habits, for example using refillable products and the decarbonisation of product transportation.

(1) This paragraph incorporates by reference the disclosures required by the CSRD (ESRS 2 SMB-1) for the Sustainability Report (see sections 4.1 and 4.1.3.3).
(2) COMvergence ranking.
(3) Operated sites, excluding safety and security facilities.

Digital and marketing

- 37 international brands
- 78.6% of our media investments are digital
- 4th largest advertiser worldwide, across all industries(2)
- Responsible communication commitment: Member of the Unstereotype Alliance
- L'Oréal's Influencer Value Charter
- All the Group's brands committed to diversity, equity and inclusion

Distribution channels

- More than 7 billion products distributed
- 158 distribution centres

Use and end-of-life of products

- The 3 "R"s approach to the eco-design of packaging: Reduce packaging intensity; Replace with materials with a better environmental footprint; Recycle by creating packaging that will contribute to the circular economy

92% of ingredients in formulas and biobased packaging materials are traceable and come from sustainable sources

76% of the waste generated on industrial sites is reused or recycled

49% of plastic packaging is refillable, reusable, recyclable or compostable

Consumers

- Over 7 billion products distributed in more than 150 countries
- Member of the EcoBeautyScore consortium which creates a common display system to provide consumers with a clear, transparent and comparable assessment of cosmetic products' environmental impact.

Consumers and planet

- CDP AAA rating for the 9th consecutive year for initiatives to combat climate change, protect forests and ensure sustainable water management
- More than 4.5 million people benefiting from the Group's brands' social commitment programs

Public authorities

- €2.8bn taxes and duties paid to governments and local authorities in 2024

Shareholders and investors

- 6.6% annual shareholder return over the past 5 years
- A dividend that has never declined in over 60 years
- L'Oréal is part of the CAC 40 Index

(see section 7.5)

SUPPORTED BY THE FUNCTIONAL DEPARTMENTS

providing the essence of the Group's strength

FINANCE AND LEGAL

Financial policy, investments, management, financial communication, M&A, consolidation, legal, tax and data governance and analytics

HUMAN RELATIONS

Recruitment, development and social innovation (including social dialogue)

CORPORATE AFFAIRS AND ENGAGEMENT

Corporate communications, public affairs and coordination of brand communications

CORPORATE SOCIAL RESPONSIBILITY

Sustainable development with the L'Oréal for the Future programme, sponsorship and the L'Oréal Corporate Foundation

ETHICS, RISK AND COMPLIANCE

Code of Ethics available in 30 languages, and as an audiobook in French and English

Internal control and compliance

1.3.3 Ongoing transformation to meet new aspirations

With €43.48 billion in net sales and more than 90,000 employees in 2024, L'Oréal is the worldwide leader in beauty.

Because the beauty market is a growing market with a focus on the future, the Group is, now more than ever, in a position to seize all opportunities, strengthen its leadership and ensure tomorrow's success. Building on a long-term vision, with a clear strategy, L'Oréal continues its development by relying on its fundamental assets and transforming itself to respond to the new aspirations of consumers, employees and society, to become the company of the future.

Transition towards a more sustainable operating model

Through L'Oréal for the Future, the Group has given itself several sustainability ambitions, including (i) reducing its carbon emissions to achieve 100% renewable energy[1] use at operated sites, (ii) in terms of the reuse and recycling of water in its industrial processes and (iii) in terms of product design (formulas and packaging) through bio-sourcing and circular economy processes. The short- and long-term decarbonisation pathway with targets for 2030 and 2050 was validated in April 2024 by the SBTi.

On the social front, L'Oréal aims to ensure that its strategic suppliers pay their administrative staff a decent living wage and adopts policies to help people from disadvantaged communities to access employment. The Group has also committed, on the one hand, to supporting women in vulnerable situations with a charitable endowment fund of €50 million, and secondly, to investing €100 million in two investment funds dedicated to the circular economy and the regeneration of ecosystems, as well as €15 million via the L'Oréal Climate Emergency Fund to increase the resilience of vulnerable communities in the face of climate disasters. In 2021, L'Oréal co-founded the EcoBeautyScore[2] consortium, which now brings together more than 70 players cosmetics industry stakeholders. Its aim is to devise an environmental impact assessment and scoring system for cosmetic products to enable consumers to make more informed and sustainable choices. In November 2024, L'Oréal and Chenavari Investment Managers announced the launch of Solstice, a debt fund designed to enable industrial suppliers to accelerate the decarbonisation of major industrial projects.

Transformation of L'Oréal's formulation towards Green Sciences, to combine performance and sustainability

Drawing on the expertise of its researchers and the unique ecosystem that L'Oréal has created through exclusive partnerships with start-ups, research institutes and suppliers around the world, the Group works at the intersection of science and nature to create high value-added ingredients derived from Green Science (see section 1.3.4). Three innovative partnerships illustrate this:

- The Group's Green Sciences incubator has identified the Interstellar Lab start-up. This Franco-American company is transforming agricultural practices with AI-controlled autonomous biofarms. This method has the potential to optimise and accelerate the production of ingredients of interest, even in constrained environments, to enrich L'Oréal's supply of high-quality ingredients.
- L'Oréal is also continuing its partnership with French company Microphyt, which is revolutionising the production of micro-algae using a low-carbon fermentation process, with five beauty ingredients already selected with Microphyt for future industrial production.
- In 2024, L'Oréal entered into a three-way agreement with Abolis Biotechnologies and Evonik to enable the discovery, development and manufacture of innovative and sustainable ingredients for beauty products and beyond.

Transformation to Beauty Tech to invent the beauty of the future

Technology is the future of beauty because of the phenomenal breakthroughs in artificial intelligence, robotics, the Internet of Things, 3D printing, nanotechnology, biotechnology etc., which make it possible to expand L'Oréal's offering, satisfy all consumer expectations and offer an experience that goes beyond products.

(1) At sites operated by the Group, excluding site safety and security equipment.
(2) Known as the EcoBeautyScore Association as of November 2024.

L'Oréal, which is already a digital-first company, decided to be the pioneer, champion and leader of Beauty Tech in all its areas of application. Beauty Tech is the seamless fusion of beauty and cutting-edge technology, catalysing innovative changes in the beauty industry and elevating customer engagement thanks to unparalleled and enhanced beauty experiences. By building up state-of-the-art, secure IT, its leadership in Beauty Tech and its expertise in artificial intelligence and data will enable L'Oréal to be a data-driven company for all its activities and functions. The ongoing transformation of Operations towards greater agility is integral to the Group's ambition to become a world leader in Beauty Tech.

Digital technology is fully integrated in the business, in all brands, jobs and countries. It is based on a solid network of almost 8,000 digital/tech/data experts, and a wealth of in-house know-how. Digital has boosted L'Oréal's strengths tenfold and represents a booster of opportunities and growth. It enhances the power of brands and products, enriches the connection with consumers and creates experiences, new services and personalisation.

Artificial intelligence is driving the Beauty Tech transformation in three main areas: deployment of strategic use cases, data governance, and the deployment of a global technological platform to consolidate the Group's data. Services and applications are developed in accordance with the Group's Responsible Framework for Trustworthy AI. Employees are coached in the use of artificial intelligence tools.

E-commerce is an additional source of business, and a growth accelerator because it means we can reach new consumers wherever there is no existing distribution network. The proportion of the Group's net sales represented by e-commerce multiplied by nearly six between 2015 and 2024 (5% to 28%[1]), with growth in all Zones and Divisions. This means strengthening its industrial flexibility, adapting its supply chain in an "omnichannel" approach and redesigning the downstream value chain immediately.

Beauty Tech will ensure that beauty for all evolves into beauty for each. To achieve this, L'Oréal has a unique strength: being the only company that can combine 115 years of scientific beauty expertise and knowledge of our consumers with cutting-edge digital excellence.

Transformation of work: reinventing the "future of work" while strengthening the L'Oréal culture

The Group's human and social project revolves around one vision: to offer its employees an inspiring, inclusive and innovative working environment, which places human beings at the heart of each of its decisions.

All across the globe, the working world has undergone profound changes as a result of the Covid-19 health crisis, particularly with remote working becoming more widespread, a phenomenon that employees now want in their everyday lives, as well as a key factor in the appeal of an employer. In this new "hybrid" working environment, L'Oréal has opted for balanced and flexible solutions between on-site and remote working to preserve and promote opportunities for exchange, cooperation and creativity. Since 2016, L'Oréal has rolled out the Simplicity programme, renewed in early 2023 (Simplicity 2), the aim of which is to transform ways of working to meet new expectations on the part of employees (fulfilment, dialogue, cross-functionality) while adapting to the performance requirements of a constantly changing world and also enabling them to devote time to what matters most.

Furthermore, in a context of accelerated digitalisation of consumption, production, distribution and communication methods, the Group anticipated the global impact these transformations will have on its structure by continuing to develop its employees' skills in these areas, as well as by recruiting new expertise, particularly in the field of technology. Thanks to its various actions, L'Oréal is eighth in the worldwide ranking of most attractive employers to future business school graduates[2]. This makes the Group the best-ranked company in Europe.

Ongoing structural transformation to rationalise and identify synergies

In spring 2020, L'Oréal launched an initiative entitled NEXT to simplify its structures with a view to a post-Covid world. This work involves simplifying the organisation by creating internal shared service centres and geographic areas, reviewing the brand portfolio of each Division on an annual basis, and finally, simplifying the number of products in each brand's catalogue to reduce complex manufacturing and research.

1.3.4 Research & Innovation: responsible, inclusive innovation, in complete safety

The cosmetics market is driven by supply and innovation. L'Oréal's success is fed by its permanent obsession for responsible innovation, which feeds into its performance in all its forms.

With more than 4,200 researchers and spending of approximately 3% of net sales, L'Oréal has the top R&I force in the cosmetics industry. This is indisputably a competitive edge, with a level of expertise and a wealth of unique scientific and technical data. The fundamental values that inspire the Group's lab each day are the performance, efficiency, secure application and use of ingredients, the superior quality of the products and the sincerity of their claims.

(1) Sales achieved on our brands' websites and with e-commerce pure players + estimated net sales achieved by our brands corresponding to sales through our distributors' websites (non-audited data).

(2) Universum ranking.

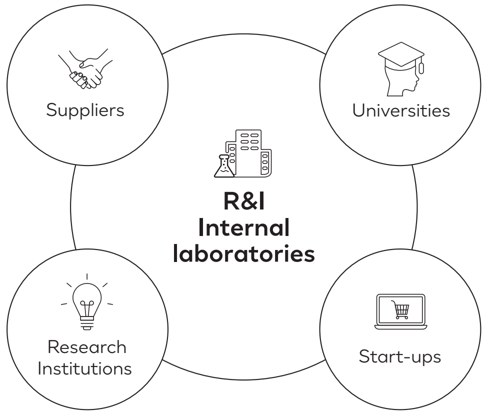
From upstream to downstream

Advanced Research teams create, develop and source raw materials, drawing on the knowledge of skin and hair from around the world. The Application Domains teams develop formula architectures that improve the performance of active ingredients. The Development Laboratories create innovative formulas with a proven superiority for each brand. This innovation model is nurtured by a constant dialogue between the laboratories and marketing to respond to the expectations of consumers, supporting them with the latest scientific and technological breakthroughs.

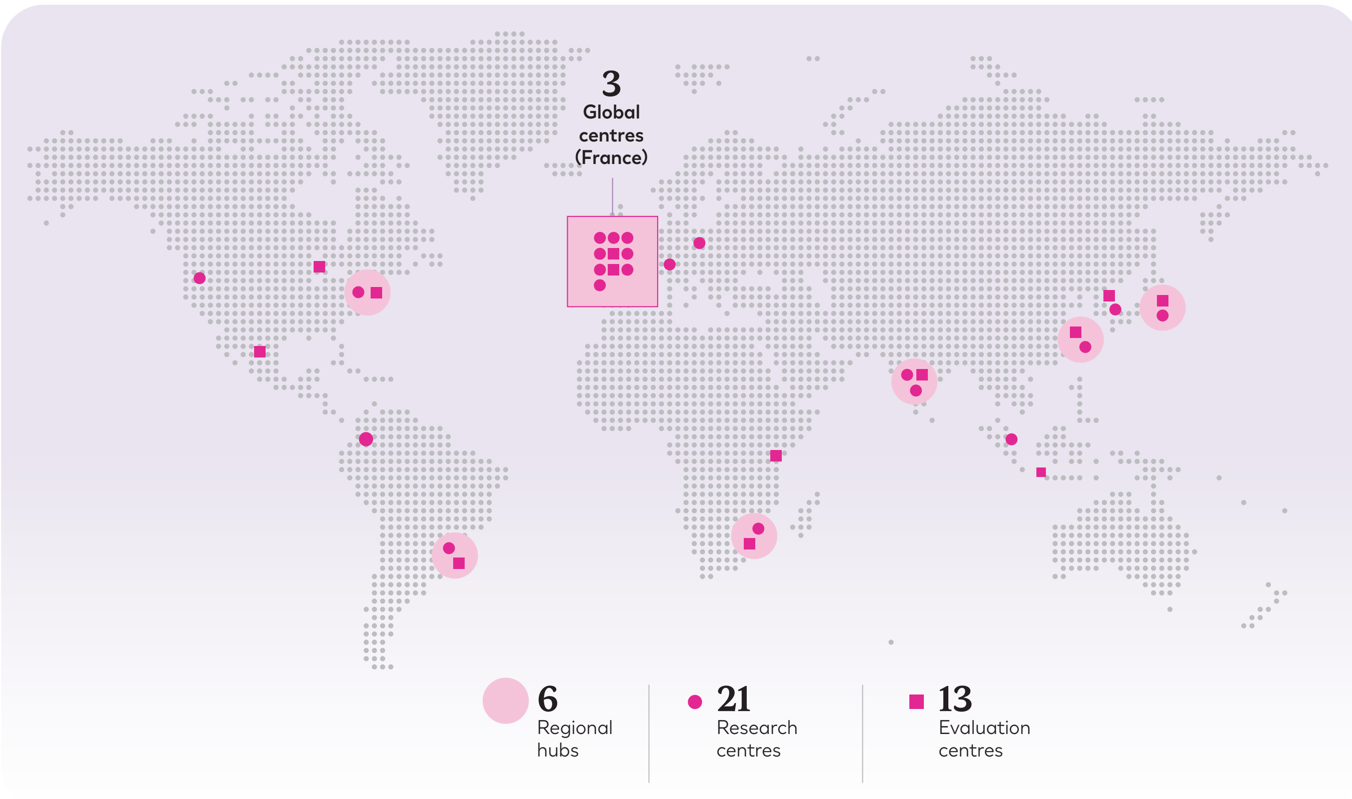
Research facilities around the world

In order to adapt to consumer expectations worldwide, L'Oréal's Research teams work in 21 cosmetics research centres and 13 assessment centres. The research centres are grouped into three global centres in France and 6 regional hubs[1] that identify consumer needs and study their beauty regimes. R&I teams build on this rich seam of local scientific ecosystems to develop collaboration agreements and partnerships of excellence. The data generated enables researchers to develop new beauty products or experiences, that are in tune with market needs and local expectations.

R&I: A VAST ECOSYSTEM OPEN TO THE WORLD



Group laboratories established around the world



	Research and Innovation expenses *(€ millions)*	Research headcount	Number of patents filed
2022	1,139	4,222	561
2023	1,288	4,194	610
2024	**1,354**	**4,271**	**694**

(1) *Global centres in France: Advanced Research, Haircare and Cosmetics. Regional hubs: Japan, US, China, India, South Africa and Brazil.*

Green Sciences for more efficient and sustainable beauty

Green Sciences cover all the scientific fields on which R&I relies to achieve L'Oréal's objectives in terms of the preservation of natural resources and biodiversity. Sustainable cultivation, biotechnologies and fermentation, green chemistry and green extraction are completely upending the way we approach and "do" science. Drawing on the expertise of its researchers and global innovation ecosystem, the Group works at the intersection of science and nature to create ingredients with high added value.

In early 2024, L'Oréal announced that it was joining forces with the NUS Environmental Research Institute (University of Singapore) to research soil microbes. The initiative aims to find new ways to boost soil health and increase plant yield without needing more land or relying on chemical fertilisers.

Lactobio, a Danish company specialising in probiotic and microbiome research, joined L'Oréal's laboratories following its acquisition at the end of 2023, enabling the Group to reinforce two decades of research in this field. New formulations based on probiotics and postbiotics are being developed to create a generation of cosmetics using targeted bacterial biotechnology.

Lastly, the exclusive partnership entered into by the Group with Cosmo International Fragrances is consistent with L'Oréal's quest to create exquisite fragrances for consumers that are ever closer to the unique scents of the natural world. This partnership gives L'Oréal access to Osmobloom, a waterless, low-energy, slow extraction process that captures and reveals the olfactive power of flowers in an authentic way. This Green Sciences extraction process opens the door to new creative opportunities for the Group's fragrance-makers. Tuberose extract, the first extract obtained using Osmobloom, is one of the ingredients of Valentino Beauty's new fragrance, Private Talk.

Innovation at the heart of the business model

Melasyl™, a major advance for all skin colours

L'Oréal is committed to making beauty more inclusive and accessible, for example with the launch of Melasyl™, a breakthrough molecule designed to address localised pigmentation problems leading to dark spots and acne scars. The result of 18 years of research in the Group's laboratories, Melasyl™ acts preventively by capturing melanin precursors before they are transformed into coloured pigments. Validated by more than 121 scientific studies, Melasyl™ has proved effective in treating localised pigmentation problems for all skin colours.

La Roche-Posay, drawing on its dermatological expertise, has incorporated Melasyl™ into its MelaB3 range, which has been launched in almost 40 countries. The combination of serum and SPF30 treatment helps to correct dark spots, while protecting the skin from UV rays – an aggravating factor in hyperpigmentation. The product offers a comprehensive, effective solution for affected consumers, particularly in the SAPMENA region, where hyperpigmentation is a major concern.

True to its commitment to democratising beauty, in 2024 L'Oréal Paris launched Glycolic Bright. This new range combines the effectiveness of Melasyl™ with glycolic acid and niacinamide for synergistic action on complexion radiance. Initially rolled out in emerging countries in 2024, the product illustrates L'Oréal Paris' commitment to effective and accessible beauty for all.

Inclusivity at each stage of L'Oréal's innovation model

Curly hair: the future of inclusive innovation

By 2030, around 40% of consumers will have curly, kinky or frizzy hair. L'Oréal is committed to the research and development of inclusive hair products that meet all hair types and needs, with specific ranges for curly hair.

A study of 2,500 people in 22 countries resulted in the creation of a new eight-category curl classification scale and underlined the importance of hydration and weekly washing. The development of the first 3D visualisation of a knot by our scientists also facilitates the development of more effective detangling products.

Thanks to its scientific and technological prowess, the Group develops innovative solutions to meet the specific needs of curly hair.

Capitalising on this expertise, Acidic Bonding Curl was launched by Redken in 2024, the first silicone- and sulphate-free bonding treatment designed for curly hair. Its patented DES CURLS technology repairs, hydrates and strengthens fragile curls. This innovative product is set to be rolled out worldwide, confirming L'Oréal's commitment to more inclusive beauty accessible to all.

Reconstructed skin: a responsible and shared science

To "create the beauty that moves the world", the Group shares its technological and scientific advances with other players in our industry and beyond. Our expertise in reconstructed skin is a good illustration of this.

Unveiled in 2024, the "Skin Technology by L'Oréal" platform combines biology, mechanics and electronics to create bioprinted and inclusive skin models. Capable of reproducing the complexity of human skin and its biological processes, such as tanning and healing, these models broaden the range of tests available for our products. This key innovation reinforces L'Oréal's long-standing commitment – in place since 1989 – to beauty without animal testing. We are therefore raising the standards of testing in the industry, while giving healthcare operators, start-ups and research institutes the benefit of our expertise.

L'Oréal also puts its fundamental research at the service of public health, by collaborating with leading institutions such as Percy Hospital (France) and the University of Oregon (US). Our partnership with the latter has enabled us to develop an artificial skin model closely resembling natural human skin using rapid 3D bioprinting technology, accelerating research into treatments for serious skin lesions.

L'Oréal's commitment to value sharing is also reflected in the partnership with Bakar Labs, UC Berkeley's biotech incubator. This partnership gives start-ups free access to our reconstructed skin models, encouraging open innovation and accelerating research to forge a more responsible beauty industry.

1.3.5 Operations: a key driver of the Group’s growth

L’Oréal’s Operations teams create innovative, inclusive and sustainable beauty in collaboration with their partners. They harness the power of technology and strive for excellence to design, develop, supply, produce and distribute products and services worldwide. Consumers are at the heart of the decisions made by the Operations teams, which seek the most agile and effective solutions, and guarantee compliance with strict standards on quality, safety and CSR across the globe.

Expertise and responsiveness to drive growth

Building on years of operational excellence, the expertise and commitment of the Operations teams have boosted the Group’s growth. In a volatile and challenging global context, they have demonstrated their responsiveness and resilience, while pursuing their digital, sustainable and innovative transformation. L’Oréal’s industrial activities are at the cutting edge of technology, reinforcing its agility across the value chain to meet market challenges.

Thanks to science and technology, the Operations teams is constantly innovating to enhance the personalisation, agility and traceability expected by consumers. Digitalisation is a major lever for simplification, ergonomics and real-time access to information.

Quality and safety: a priority

Offering consumers the highest quality product is an absolute priority. Over several decades, L’Oréal has set up a single, global and structured quality and safety management system that applies to all its plants and subsidiaries worldwide. Detailed information is provided in section 4.10.

This unique system guarantees manufacturing excellence and the products’ quality with the same high standards applicable everywhere in the world. 100% of the Group's plants are certified to ISO 22716[1] and ISO 9001[2]. The ongoing quality improvement process resulted in a low rate of consumer complaints in 2024: 100 complaints per million products sold.

Employee safety is central to the L’Oréal model: in 2024, the Safety Management System, which applies to the Group’s teams and all administrative sites, laboratories, plants, distribution centres and shops, was again recognised by RoSPA[3].

At the centre of design and development is innovation in responsible packaging

Thanks to the science of materials and design, in order to provide the best consumer experience and product performance, packaging is a key differentiating factor for the product and of its perceived value-creation by consumers. The L’Oréal teams, distributed over five Packaging Hubs around the world, specialise in design, consumer experience, innovation and product development. They rely on the expertise of laboratories dedicated to materials and packaging to create cutting-edge innovations. L’Oréal filed 74 patents for packaging in 2024.

Since 2007, L’Oréal has adopted an eco-design process for its packaging based on the 3Rs: Reduce packaging volumes and therefore resource use; Replace materials and processes with others that have a better environmental footprint (renewable, post-consumer recycled, lower carbon impact processes, etc.); and Recycle by creating packaging that contributes to the circular economy.

Reduce
At the end of 2024, L’Oréal reduced the intensity of packaging used for its products by **11%** compared with 2019.

Replace
At the end of 2024, **37%** of the plastics used in the Group’s packaging came from either recycled or biobased sources.

Recycle
At the end of 2024, **49%** of plastic packaging was refillable, reusable, recyclable or compostable.

A purchasing programme that combines economic, environmental and social value

To accompany the Group's growth, Purchasing teams select suppliers with the best economic, environmental and social performance in accordance with L'Oréal's responsible purchasing policy. Supplier performance is monitored thanks to precise indicators relating to respect for human rights, environment, business ethics and diversity, equity and inclusion, and to their ability to innovate and meet the Group’s requirements in terms of quality, agility, service and competitiveness.

L’Oréal builds solid relationships with its suppliers to ensure that it sources products and ingredients responsibly, and to guarantee the flexibility, reliability and traceability of its supply networks. These long-term supplier partnerships play a key role in the Group’s ability to secure the volume and price of its raw materials supplies. 1,147 audits were carried out in 2024, meaning 4,470 since 2021.

Since 2010, L'Oréal has chosen to work with suppliers that have an inclusive approach, in order to provide access to employment for people from economically or socially disadvantaged communities. At the end of 2024, more than 106,000 people had been able to access employment via L’Oréal’s worldwide Inclusive Sourcing programme.

(1) *Good manufacturing practices.*
(2) *Quality management systems.*
(3) *Royal Society for the Prevention of Accidents.*

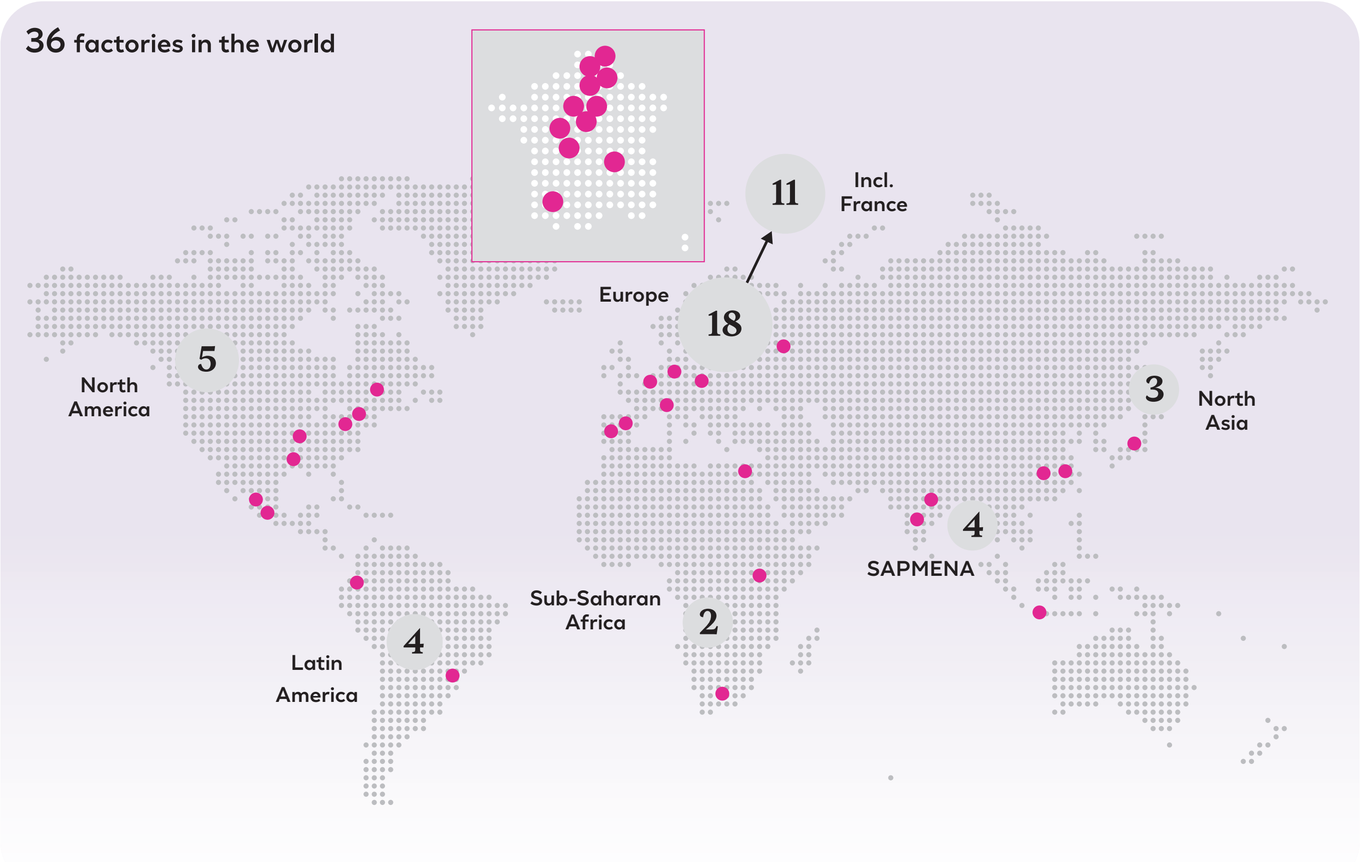
Manufacturing performance that relies on a global system combining responsiveness with operational excellence

L'Oréal has 36 high-tech facilities around the world, located close to its markets. This network, which uses the most advanced technologies - robotisation, automation, cobotics (collaborative robotics) - is constantly evolving to accommodate the growth of the Group, incorporate acquisitions, embrace external innovations and adapt to rapid changes in the beauty market. It is supported by a network of subcontracting partners to deal with cyclical peaks in demand.

The Group's manufacturing organisation is based on specialisation by technology[1] to maximise best practices, increase agility, improve productivity and optimise investments.

Significant investments have been made to bring together the Group's expertise in *Manufacture du Parfum* (Aulnay-sous-Bois and Gauchy plants in France), which produces L'Oréal Luxe fragrances, demonstrating the Group's agility and expertise in "French-style luxury", and the territorial connection of its manufacturing base. The Operations teams also coordinated the overhaul of the global skincare manufacturing capacity, with major skincare and make-up projects in the United States, Latin America, North Asia and Europe (France), in response to growth in these categories.

MANUFACTURING FOOTPRINT BY GEOGRAPHIC ZONE



The Group's Operational Excellence System, deployed in all its plants, is based on the commitment of all Operations employees to guarantee safety, health, quality, product availability, productivity, ergonomics and environmental impact.

(1) *Haircare, skincare, makeup, perfumes, hygiene products etc.*

At the heart of production: environmental protection

The Group's environmental policy aims to roll out best practices in sustainable production so as to limit the direct impact of the Group's business activities on the environment, and to preserve biodiversity and resources: energy efficiency, use of renewable energy, optimisation of water withdrawals and reuse, reduction of waste generation etc. In 2024, L'Oréal continued to prioritise programmes designed to reduce its environmental footprint[1].

SINCE 2019

-51%
of CO_2
emissions (Scopes 1 & 2, based on *GHG Protocol* in absolute terms)

76%
of waste on industrial sites has been reused or recycled (material recovery)

At the end of 2024, 97% of the energy consumed by the Group's sites was from renewable sources[2]. 53% of the water used in the Group's manufacturing processes is recycled and reused.

L'Oréal's 25-year+ commitment to environmental leadership has been recognised since 2016 with an "AAA" score from CDP[3], its highest possible rating. L'Oréal is the only company in the world, out of more than 24,000 companies assessed, to score AAA for the ninth consecutive year, in recognition of its commitment and results in addressing climate change, protecting forests and safeguarding water resources.

A responsible, omnichannel supply chain strategy

L'Oréal's supply chain teams aim to satisfy all its customers and consumers, in particular by optimising the delivery of more than seven billion products and effectively managing lead times and costs. The teams' responsiveness in 2024 supported the Group's growth in a volatile market. Managing a portfolio of many different product categories and a unique diversity of channels, L'Oréal optimises information and physical goods flows, gaining agility to respond to fluctuations in market conditions in real time.

Digitalisation and data management are crucial, particularly for the retail trade and L'Oréal's directly-managed stores, as they improve understanding of the purchasing journey. The Group's supply chain network of more than 158 hubs, currently being transformed into automated, data-driven fulfilment centres[4], ensures agile coverage of requirements, an expanded range of services (personalisation, box preparation, bespoke delivery) and enhanced traceability. One example is the new intelligent fulfilment centre in Suzhou, China, inaugurated in 2024.

Lastly, L'Oréal is also working with its carriers to develop low-carbon multi-modal solutions to reduce its environmental footprint.

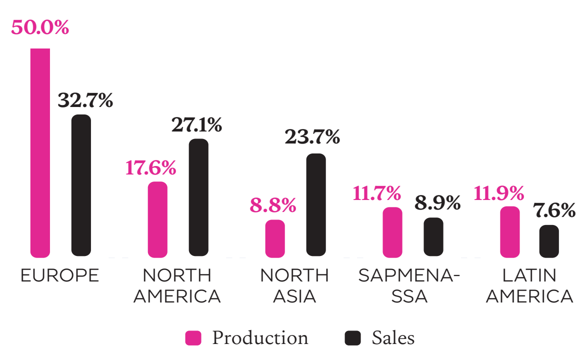
Global economic performance at the service of the brands and the commercial entities

In a climate of short and long-term global tension, the Operations teams play a key economic role for all brands and markets, which has an impact on the overall cost of products and their distribution.

Economic optimisation efforts led by Operations involve tracking the total landed cost, i.e., the final full cost of a product, which includes the cost of packaging and raw materials, the value added by the plants and all supply chain costs.

COMMITMENT TO INVEST IN OPERATIONS
(Production and supply chain commitments in € millions)

PRODUCTION AND NET SALES OF THE OPERATIONAL DIVISIONS BY GEOGRAPHIC ZONE IN 2024: PRODUCTION CLOSE TO ITS MARKETS



(1) *Continuation of renewable energy projects around the world (e.g., start-up of two new treatment plants in France).*
(2) *Operated sites, excluding safety and security equipment.*
(3) *CDP is an independent NGO which offers a global system for the measurement and publication of environmental information and which assesses the strategy, close involvement and results obtained by companies in the fight against climate change, sustainable water management and forest protection.*
(4) *Distribution centres specially adapted for e-commerce distribution, where packages sent directly to consumers are prepared.*

1.3.6 Internal control and risk management system

The Group operates in a constantly changing environment. Like any company, L'Oréal is necessarily exposed to risks which, if they were to materialise, could have a negative impact on its business activities, its financial position and its assets, particularly in terms of reputation and image.

In order to ensure the sustainability of its development and the achievement of its objectives, the Group strives to anticipate and manage the risks to which it is exposed in its different areas of activity.

L'Oréal's risk management consists of identifying, assessing and controlling risks that may affect the smooth running of the Company. It also participates in the Group's development by promoting the good use of resources to minimise the impact of negative events and maximise the realisation of opportunities.

By contributing to preventing and managing the risks to which the Group is exposed, the purpose of the Internal Control system is to enable the Group's manufacturing and economic development to take place in a steady and sustainable manner in a control environment appropriate for the Group's businesses.

Internal Control is a system that applies to the Company and its consolidated subsidiaries and aims at ensuring that:

- economic and financial targets are achieved in compliance with the laws and regulations in force and the Group's Ethical Principles and standards;
- the orientations set by General Management are followed;
- the Group's assets and reputation are valued and protected; and
- the Group's financial and accounting information is reliable and provides true and fair statements.

The control environment, which is critical to the Internal Control system, good risk management and the application of procedures, is based on behaviour, the organisational structure and employees. At L'Oréal, it forms part of a culture of rigour and commitment communicated by senior management and in line with the Group's strategic choices.

Risk management and Internal Control is everyone's business, from the governance bodies to all employees.

The Internal Control system is the subject of ongoing supervision in order to verify whether it is relevant and meets the Group's objectives and addresses its issues.

Chapter 3 provides detailed information on identifying and managing the most significant risks from the point of view of investment decision-making, within the meaning of the regulations. These risks are listed in the table below.

Major risks to which the Group believes it is exposed

		Residual importance
Business risks	Geographic presence and economic and political environment*	Significant
	Information systems and cybersecurity*	Significant
	Health crisis*	Significant
	Reputational crisis management	Moderate
	Data	Moderate
	Beauty market and innovation	Moderate
	Business ethics	Moderate
	Developments in sales channels	Moderate
	Human resources and organisational risk	Low
	Product quality and safety	Low
	Safety of people and property	Low
Industrial and environmental risks	Product availability*	Significant
	Climate change	Significant
	Environment and safety	Low
Legal and regulatory risks	Non-compliance*	Moderate
	Legal disputes	Moderate
	Intellectual property: trademarks, designs & models, domain names, patents	Low
Financial and market risks	Inflation and currency risk*	Moderate
	Financial equity risk	Low
	Risk relating to the impairment of intangible assets	Low

* *Most material risks in each category.*
Residual importance Low — *Moderate* — *Significant*

1.4 2024 Financial Results and Corporate Social Responsibility commitments

1.4.1 2024 results

Commenting on the figures, Nicolas Hieronimus, CEO of L'Oréal, said:

"We delivered solid, broad-based growth of 5.1%, once again outperforming the global beauty market. Excluding North Asia, where the Chinese ecosystem remained challenging, sales advanced in high single digits. I am particularly proud of the quality of the P&L management as the Group achieved record gross and operating margins. At 20%, the latter increased 20 basis points. On a comparable basis, excluding Aēsop, our operating margin grew 40 basis points and that after a 10 basis points increase in our brand fuel.

2024 was a defining year as we made L'Oréal future fit and laid many foundations for our next conquests: we augmented our marketing and R&I capabilities with AI and tech, advanced with the harmonisation of our IT, simplified our organisational structures, and strengthened our industrial and supply chain resilience. We also continued to sharpen our portfolio: we acquired the Miu Miu license and Korean brand Dr.G, and took minority stakes in Galderma and Amouage.

This will allow us to go ever faster and further in our conquest of new beauty spaces: geographic, demographic and highly promising technologies that offer innovative science-based beauty solutions to the consumer of tomorrow. In 2025, as we take the first steps in this conquest, we remain optimistic about the outlook for the global beauty market, and confident in our ability to keep outperforming it and to achieve another year of growth in sales and profit. We expect growth to accelerate progressively, supported by our beauty stimulus plan, which will be driven by an exciting pipeline of new launches and continued strong brand support."

1.4.1.1 Overview of the results for 2024

- **Sales: €43.48 billion**, +5.6% reported and +5.1% like-for-like[1].
- **Another year of outperformance** in a normalising global beauty market.
- **Like-for-like growth in all Divisions** with three out of four outperforming the market.
- **Like-for-like growth in all regions** except North Asia.
- **Growth driven by both value and volume.**
- **Record operating margin** at 20.0% (+20 bps and +40 bps excluding Aēsop).
- **Earnings per share[2]: €12.66**, up +4.8%.
- **Dividend[3]: €7.00**, up +6.1%.
- **Net cash flow: €6.6 billion**, up +8.6%.
- **Sustainability leader**: platinum medal by EcoVadis, which ranked L'Oréal in the global top 1% of companies in terms of environmental and social performance.

1.4.1.2 Consolidated sales

Sales amounted to €43.48 billion at 31 December 2024, up +5.6% reported.

Like-for-like, **i.e., based on a comparable structure and identical exchange rates, sales grew by** +5.1%.

The net impact of changes in the scope of consolidation was +1.7%.

Growth at constant exchange rates came out at +6.8%. **Currency fluctuations** had a negative impact of -1.2% at the end of 2024.

(1) Like-for-like: based on a comparable structure and identical exchange rates.
(2) Diluted earnings per share (EPS), based on net profit, excluding non-recurring items, after non-controlling interests.
(3) To be proposed at the Annual General Meeting of 29 April 2025

SALES BY DIVISION AND GEOGRAPHIC ZONE

€ millions	2022	2023	2024	% 2024 sales	Change 2023/2024 Like-for-like	Change 2023/2024 Reported figures
By Division						
Professional Products	4,476.8	4,653.9	4,886.2	11.2%	+5.3%	+5.0%
Consumer Products	14,021.3	15,172.7	15,982.4	36.8%	+5.4%	+5.3%
L'Oréal Luxe	14,638.1	14,924.0	15,591.1	35.9%	+2.7%	+4.5%
Dermatological Beauty	5,124.5	6,432.0	7,027.1	16.2%	+9.8%	+9.3%
GROUP TOTAL	**38,260.6**	**41,182.5**	**43,486.8**	**100%**	**+5.1%**	**+5.6%**
By Region						
Europe	11,436.7	13,007.8	14,211.4	32.7%	+8.2%	+9.3%
North America	10,164.0	11,147.2	11,805.2	27.1%	+5.5%	+5.9%
North Asia	11,321.4	10,662.9	10,303.4	23.7%	-3.2%	-3.4%
SAPMENA-SSA[1]	2,962.4	3,447.7	3,863.0	8.9%	+12.3%	+12.0%
Latin America	2,376.2	2,916.9	3,303.9	7.6%	+11.0%	+13.3%
GROUP TOTAL	**38,260.6**	**41,182.5**	**43,486.8**	**100%**	**+5.1%**	**+5.6%**

(1) SAPMENA-SSA South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.

Summary by Division

Professional Products

The Professional Products Division reported robust growth of 5.3% like-for-like and 5.0% reported.

The Division outperformed the professional beauty market, supported by its strong momentum in premium haircare and its winning omnichannel strategy, with significant acceleration in both e-commerce and selective distribution.

Progress was broad-based across all regions from the developed markets of Europe and North America to the new growth markets, including China, GCC[1], Brazil and Mexico.

Kérastase maintained strong double-digit growth, becoming the Division's largest brand; L'Oréal Professionnel and Redken delivered solid performances.

By category, haircare remained particularly dynamic, driven by blockbuster innovations such as *Première* by *Kérastase*, *Absolut Repair Molecular* by *L'Oréal Professionnel* and *Acidic Color gloss* by *Redken*.

In hair colour, *Shades EQ* by *Redken*, *iNOA*, as well as *Dia Color* by *L'Oréal Professionnel* maintained their performance.

The Division pursued its sustainable transition with strong initiatives in refills and reaffirmed its leading position in *Beauty Tech* with the launch of *AirLight Pro*, a revolutionary, less energy-intensive, hair dryer.

Consumer Products

The Consumer Products Division reported growth of 5.4% like-for-like and 5.3% reported.

Momentum was well balanced across volume, price, and mix, as the Division pursued its strategy to democratise and premiumise the mass beauty market.

Each of the four international brands reported solid growth; the highlight was *L'Oréal Paris*, which had an outstanding year.

Progress was contrasted by region as strong momentum in Europe and emerging markets more than offset softer performances in the US and China - both of which were adversely impacted by weakening market growth. The Division's strategic focus on emerging markets was vindicated by the strength in countries such as Mexico, Brazil, India, and Thailand.

All four categories grew, powered by key innovations. Haircare was particularly dynamic, driven by *L'Oréal Paris*, including its newly launched *Elvive Glycolic Gloss*. Skincare was the second-fastest growing category thanks to *Garnier's Vitamin C Daily UV fluids*, *L'Oréal Paris' Bright Reveal,* and the ongoing strength of mass medical brand *Mixa*, which continued its European roll-out. Makeup benefitted from the introduction of *L'Oréal Paris*' blockbuster *Panorama* mascara and a strong second-half-weighted launch plan including *Maybelline New York's Teddy Tint* and *NYX Professional Makeup's Butter Melt*. In hair colour, the successful rollout of *Garnier*'s premium offer *Good* was complemented by its most accessible launch, *Garnier Color Sensation*.

(1) GCC: (Gulf Cooperation Council):

Luxe

L'Oréal Luxe grew 2.7% like-for-like, 4.5% reported.

In 2024, the Division reinforced its worldwide leadership in Luxury Beauty.

Its solid progress reflected its increasingly balanced regional footprint. Outside North Asia, it grew at a remarkable, double-digit pace; the single largest growth contributor was North America, where it became the number one luxury beauty player for the first time, a position it already holds and further consolidated in China, Europe and emerging markets. This allowed the Division to more than offset the ongoing softness in North Asia, where operating conditions remain challenging and where it continued to grow ahead of the market both offline and online, driven by the successful expansion of its couture brands *Prada* and *Valentino* – recently launched in the region – and its latest acquisitions, *Aēsop* and *Takami*.

The Division continued to strengthen the balance between its categories. In fragrances, outstanding momentum was driven by global successes in both, the feminine (*Paradoxe* by *Prada*, *Born in Roma* by *Valentino*, *Libre* by *Yves Saint Laurent*) and masculine segments (*Stronger with You* by *Armani*, *Wanted* by *Azzaro*, *Polo 67* by *Ralph Lauren*, *MYSLF* by *Yves Saint Laurent*). Makeup growth accelerated thanks to the ongoing strength of *Yves Saint Laurent* in Western markets as well as China, driven by the *YSL Loveshine* and *Touche Eclat* pillars. In skincare, *Aēsop*, *Takami* and *Youth to the People* pursued their globalisation strategy with very encouraging results.

Dermatological Beauty

The Dermatological Beauty Division grew 9.8% like-for-like and 9.3% reported.

For the first time, the Division's sales crossed the 7-billion-euro mark. It continued to outpace the global dermocosmetics market, which has remained dynamic, despite a gradual slowdown.

The Division grew in all regions with particularly strong momentum in emerging markets, notably SAPMENA[1] and Europe; it significantly outperformed the market in North Asia and grew ahead of it in North America.

By brand, growth was led by *La Roche-Posay;* thanks to the strong contributions from Europe and North America, where it has taken the baton from *CeraVe*, and boosted by the tremendous success of *Mela B3*, it has become the world's third largest skincare brand across all channels.

Despite its stabilisation in the US, *CeraVe* crossed the 2–billion-euro sales mark, driven by its international expansion with exceptional performances in new markets - notably SAPMENA, China and Brazil - where it is the Division's trailblazer.

Bolstered by the dynamism of its *Dercos* haircare line, *Vichy* continued to advance strongly.

The aesthetics-related brands, *SkinCeuticals* and *Skinbetter Science*, grew in double digits; *SkinCeuticals* was boosted by the promising launch of its disruptive anti-aging innovation *P-TIOX*.

Summary by Region

Europe

Sales in Europe advanced strongly at 8.2% like-for-like and 9.3% reported.

Europe was the largest contributor to growth at Group level.

Sales grew ahead of a market that was dynamic. They advanced in both volume and value terms, even though the value component gradually normalised, as anticipated.

Sales grew in all countries and the Group outperformed the market in most markets, especially the Spain-Portugal, UK-Ireland, and Germany-Austria-Switzerland clusters, and many of the medium-sized countries.

The haircare, fragrance and makeup categories posted double-digit growth.

In Consumer Products, growth was driven by the continued strength of *L'Oréal Paris*, notably in haircare, the makeup brands *Maybelline New York* and *NYX Professional Makeup*, as well as the successful roll-out of mass medical brand *Mixa*.

L'Oréal Luxe advanced strongly, driven primarily by the couture brands, including *Yves Saint Laurent* in fragrances and makeup, as well as *Valentino* and *Prada* in fragrances; men's fragrances remained dynamic.

Dermatological Beauty outperformed its market. All three flagship brands recorded double-digit growth, with *CeraVe* in the lead. *La Roche-Posay* benefited from the successful launch of *Mela B3* and *Vichy* continued to grow, strongly fuelled by the success of *Dercos*.

Professional Products also progressed ahead of its market, driven by the ongoing dynamism of *Kérastase* and successful launches from the *Redken* and *Matrix* brands.

North America

Sales in North America grew 5.5% like-for-like and 5.9% reported.

In the USA, the Group's number one country, growth was driven by continued channel expansion and valorisation.

L'Oréal Luxe outperformed the market, and became No.1 in the USA, fuelled by the continued dynamism of the fragrance category; key contributors were *MYSLF* by *Yves Saint Laurent*, *Born in Roma* by *Valentino*, and *Prada*. Skincare growth was driven by *Kiehl's* and *Youth to the People*, which benefitted from a strong launch plan and entry into new online channels.

Consumer Products delivered solid growth in haircare, where it outpaced the market, led by *L'Oréal Paris*. The Division was adversely impacted by the softness in the makeup category; thanks to the success of *Fat Oil* and *Duck Plump*, *NYX Professional Makeup* outperformed the market.

Dermatological Beauty grew in line with the market, boosted by the acceleration in online channels. *La Roche-Posay* continued to advance in double digits, supported by the successful roll-out of *Mela B3*; the aesthetics-related brands also progressed strongly with SkinCeuticals boosted by the launch of *P-Tiox*.

Professional Products outperformed the market, driven by successful innovations like Première by Kérastase and *Acidic Color Gloss* by Redken, and the strength of its omni-channel strategy. The recently launched *AirLight Pro* hair dryer innovation is off to a promising start.

(1) *South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.*

North Asia

Sales in North Asia contracted, -3.2% like-for-like and -3.4% reported.

In mainland China, beauty market growth was negative, strongly impacted by the softness in the selective segment. In this challenging context, L'Oréal demonstrated its resilience, posting a low single digit decline in sales. L'Oréal Luxe, Dermatological Beauty and Professional Products outpaced their respective markets; Consumer Products slightly underperformed the mass market.

In Japan, L'Oréal outperformed a very dynamic market. In Travel Retail, given that sell-out continued to be under significant pressure, notably in Hainan, focus remained on securing healthy inventory levels.

In North Asia, Dermatological Beauty posted double-digit growth; all brands contributed with a particularly strong performance from *CeraVe*. Professional Products outpaced the market, boosted by the continued success of *Kérastase*. Given the continued challenges in the Chinese ecosystem, sales in L'Oréal Luxe declined and the Division performed in line with the market; in this context, the couture brands including *Yves Saint Laurent*, *Maison Margiela*, *Prada* and *Valentino* maintained strong momentum. In Consumer Products, *L'Oréal Paris*' sales declined in very low single-digits.

In December, L'Oréal announced the acquisition of *Dr.G*, a leading Korean dermo mass skincare brand.

SAPMENA – SSA

Sales in SAPMENA-SSA grew 12.3% like-for-like and 12.0% reported.

In SAPMENA, growth was broad-based with all categories and Divisions contributing; it was driven by mix and a positive contribution from both price and volume.

By country, key contributors were the Australia-New Zealand cluster, Thailand, Saudi Arabia, Vietnam, and India.

By Division, Dermatological Beauty saw the strongest growth, fuelled by *CeraVe*'s outstanding momentum and *La Roche-Posay*'s successful *Mela B3*; Luxe maintained its double-digit rhythm, powered primarily by *Yves Saint Laurent* and *Prada*.

The most dynamic categories were fragrances and skincare, the latter driven by Dermatological Beauty and Consumer Products. Growth in haircare, both in mass and professional, was boosted by the continued premiumisation strategy.

Online remained a key growth driver, notably in Saudi Arabia, India and South-East Asia.

Sub-Saharan Africa (SSA) delivered another record year with all countries and Divisions growing in double digits. By category, momentum was particularly dynamic in skincare, followed by haircare and fragrances. By Division, key growth contributors were Consumer Products and L'Oréal Dermatological Beauty.

Latin America

Sales in Latin America advanced 11.0% like-for-like and 13.3% reported.

Growth was fuelled by well-balanced contributions from value and volume.

Momentum was broad-based by country, led by Mexico and Brazil - the third and sixth largest contributors to growth at Group level respectively. Excluding Argentina, which was negatively impacted by the economic crisis, sales in the region grew +14.7%.

By Division, Consumer Products delivered exceptional growth, with each of the three international brands contributing; *Elsève* further consolidated its position as the top haircare brand in Brazil by value. L'Oréal Luxe achieved robust growth, driven by strong performances in Brazil and especially Mexico, where the market was very dynamic.

Haircare remained the fastest-growing category across the three relevant Divisions, followed by makeup and fragrances.

Online remained a key growth driver for the region, boosted by the strong performance of pure players.

1.4.1.3 2024 consolidated results

Operating profitability and consolidated income statement

	2022		2023		2024	
	€ millions	% sales	€ millions	% sales	€ millions	% sales
Sales	**38,260.6**	**100.0%**	**41,182.5**	**100.0%**	**43,486.8**	**100.0%**
Cost of sales	(10,577.4)	27.6%	(10,767.0)	26.1%	(11,227.0)	25.8%
Gross profit	**27,683.3**	**72.4%**	**30,415.5**	**73.9%**	**32,259.8**	**74.2%**
R&I expenses	(1,138.6)	3.0%	(1,288.9)	3.1%	(1,354.7)	3.1%
Advertising and promotion	(12,059.0)	31.5%	(13,356.6)	32.4%	(14,008.9)	32.2%
Selling, general and administrative expenses	(7,028.8)	18.4%	(7,626.7)	18.5%	(8,208.7)	18.9%
OPERATING PROFIT	**7,456.9**	**19.5%**	**8,143.3**	**19.8%**	**8,687.5**	**20.0%**

Gross profit amounted to €32,260 million, up +6% compared to the previous year; as a percentage of sales, it stood at 74.2% of sales. This is an increase of +30 basis points year-on-year and +50 basis points on a comparable basis (corrected for conversion and changes in scope). The impact from FX was negative at -30 basis points but was more than offset by a strong contribution from price effects (+60 basis points) as well as positive mix effects (+10 basis points) and cost efficiencies (+10 basis points).

Research & Innovation expenses totalled €1,355 million, an increase of +5% year-on-year; as a percentage of sales, they remained broadly stable at 3.1%, in line with the long-term trend.

Advertising and promotional expenses amounted to €14,009 million, up +5% from the previous year; as a percentage of sales, they stood at 32.2%, -20 basis points below prior year levels, but up +10 basis points on a comparable basis. L'Oréal continues to invest behind its brands by increasing investments behind both consumer engagement and shopper experience.

Selling, general and administrative expenses totalled €8,209 million, an increase of +8% year-on-year; as a percentage of sales, they increased +40 basis points to 18.9% but were stable on a comparable basis, reflecting efficient cost management, including reorganization and restructuring measures in several regions.

Overall, **operating profit** increased by +6.7% to €8,687.5 million, and amounted to 20% of sales, an improvement of +20 basis points. Operating margins increased +40 basis points on a comparable basis. In 2024, each Division reported an operating margin in excess of 21%. Three Divisions reported record operating margins.

Net profit

Consolidated profit and loss accounts: from operating profit to net profit excluding non-recurring items.

€ millions	2022	2023	2024	Change
Operating profit	**7,456.9**	**8,143.3**	**8,687.52**	**+6.7%**
Financial revenues and expenses excluding Sanofi dividends	(73.0)	(113.4)	(261.4)	
Sanofi dividends	468.2	420.9	444.5	
Profit before tax excluding non-recurring items	**7,852.1**	**8,450.8**	**8,870.6**	**+5.0%**
Income tax excluding non-recurring items	(1,793.4)	(1,957.8)	(2,075.4)	
Net profit excluding non-recurring items of equity consolidated companies	+1.5	+0.2	(1.3)	
Non-controlling interests	(6.1)	(6.7)	(7.6)	
Net profit after non-controlling interests excluding non-recurring items	**6,054.1**	**6,486.6**	**6,786.3**	**+4.6%**
EPS[1] *(in euros)*	11.26	12.08	**12.66**	**+4.8%**
NET PROFIT AFTER NON-CONTROLLING INTERESTS	**5,706.6**	**6,184.0**	**6,408.7**	**+3.6%**
Diluted earnings per share after non-controlling interests *(euros)*	10.61	11.52	11.95	
Diluted average number of shares	537,657,548	537,021,039	**536,078,431**	

(1) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

Net finance costs amounted to €261.4 million, compared to €113 million in 2023, at 0.6% of sales. This is an increase of +30 basis points compared to the prior year, driven by an exceptional one-off cost in Argentina (linked to the repayment of the intra-group charges) and by costs for bonds issued in 2023 (financing of the Aēsop acquisition). This item includes net finance costs of €224.7 million – comprised of €373.5 million finance costs on gross debt and €148.7 million income on cash and cash equivalents.

Sanofi dividends totalled €444.5 million, a +6% increase from prior year levels (€420.9 million).

Income tax excluding non-recurrent items amounted to €2,075 million, an increase of +6% from 2023 (€1,958 million), representing a tax rate of 23.4%, a slight +20 basis point increase versus the previous year (23.2%).

Net profit excluding non-recurring items after non-controlling interests stood at €6,786 million, up +5% from last year, when net profit excluding non-recurring items after non-controlling interests amounted to €6,487 million.

Earnings per share[1], at €12.66, increased by +4.8%.

Non-recurring items after non-controlling interests[2] amounted to €377.6 million net of tax. They include other income and expenses of €438 million, of which primarily €237 million of restructuring charges related to various reorganization measures at Group, divisional and regional level, and €100 million related to product liability lawsuits.

Net profit after non-controlling interests came out at €6,408.7 million, increasing by +3.6%.

Cash flow statement

€ millions	2024	2023	Change	% Change
Net profit	**6,416.5**	**6,190.5**	**226**	**+3.7%**
Depreciation, amortisation and provisions	1,855.3	1,715.0	140.3	
Capital gains / losses on disposal of assets, deferred taxes, others	238	94.1	143.9	
Share of profit in associates net of dividends received	2.9	(0.2)	3.1	
Gross operating margin	**8,512.6**	**7,999.5**	**513.1**	**+6.4%**
Changes in working capital	(226.6)	(394.9)	168.3	
Investments	(1,641.7)	(1,488.7)	(153)	
Operating net cash flow	**6,644.3**	**6,115.9**	**528.4**	**+8.6%**
Dividends paid	(3,614.9)	(3,425.6)	(189.3)	
Acquisitions	(148.9)	(2,497.2)	2,348.3	
Lease debt repayment	(474.3)	(430.6)	(43.7)	
Acquisitions of treasury stock	(497.5)	(503.3)	5.8	
Capital increase	69.9	1.5	68.4	
Financial investments	(1,927.2)	(157.8)	(1,769.4)	
Residual cash flow	**51.4**	**(897.2)**	**948.6**	

Gross operating margin amounted to €8,512.6 million, an increase of €513.1 million or +6.4% from the prior year level of €7,999.5 million.

Operating net cash flow amounted to €6,644.3 million, an increase of €528.4 million or +8.6% from the prior year level of €6,115.9 million, primarily driven by a €513 million (+6.4%) increase in the gross operating margin, linked to a 3.7% rise in net income and a working capital requirement improvement of €168.3 million.

The **working capital requirement** increased by €227 million – €168 million lower than in 2023. This was primarily driven by an improvement in inventories to the tune of €317 million, related to the continued normalisation from the Covid period, which had seen a build-up in inventory levels, allowing the Group to fulfil customer demand and maintain production at a time of supply constraints. Trade accounts receivables increased by €80 million; trade accounts payable decreased by €78 million.

At €1,641 million, **operating investments** increased by €153 million, or +10%, from prior year levels, due to increased investments notably in industrial production tools and in new software. They stood at 3.8% of sales, +20 basis points above prior year levels (3.6%).

In 2024, **acquisitions and financial investments** accounted for an outflow of €2,062.2 million, including an outflow of €148.9 million for purchases of consolidated investments, mainly in the Luxe Division and L'Oréal Dermatological Beauty Division, and an outflow of €1,913.3 million for financial investments (mainly Galderma).

Residual cash flow amounted to €51.4 million compared to -€897.2 million in 2023, mainly due to substantial operating cash flow improvement and a favorable impact of acquisitions.

Proposed dividend at the Annual General Meeting of 29 April 2025

The Board of Directors has decided to propose a dividend of €7.00 per share at the shareholders' Annual General Meeting of 29 April 2025, an increase of +6.1% compared with the dividend paid in 2024. The dividend will be paid on 7 May 2025 (ex-dividend date 5 May 2025 at 0:00 a.m., Paris time).

(1) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.
(2) Non-recurring items include impairment of assets, capital gains and losses on disposals of long-term assets, restructuring costs and tax effects of non-recurring items.

Share capital

At 31 December 2024, the capital of the company is formed by 534,312,021 shares.

Operating profit by Division

	2022		2023		2024	
	€ millions	% sales	€ millions	% sales	€ millions	% sales
By Division						
Professional Products	953.6	21.3%	1,005.3	21.6%	1,086.2	22.2%
Consumer Products	2,774.9	19.8%	3,114.7	20.5%	3,376.4	21.1%
L'Oréal Luxe	3,350.4	22.9%	3,331.8	22.3%	3,469.7	22.3%
Dermatological Beauty	1,303.0	25.4%	1,670.9	26.0%	1,832.7	26.1%
DIVISIONS TOTAL	**8,381.9**	**21.9%**	**9,122.7**	**22.2%**	**9,765.0**	**22.5%**
Non-allocated[(1)]	(925.1)	-2.4%	(979.4)	-2.4%	(1,077.5)	-2.5%
GROUP	**7,456.9**	**19.5%**	**8,143.3**	**19.8%**	**8,687.5**	**20.0%**

(1) Non-allocated = Central Group expenses, fundamental research expenses, free grant of shares expenses and miscellaneous items.

The profitability of the **Professional Products Division** came out at 22.2% of sales, up 60 basis points.

The profitability of the **Consumer Products Division** came out at 21.1% of sales, up 60 basis points.

The profitability of the **Luxe Division** came out at 22.3% of sales, stable compared to 2023.

The profitability of the **Dermatological Beauty Division** came out at 26.1%, up 10 basis points.

Non-allocated expenses amounted to €1,007.5 million.

Sales by business segment

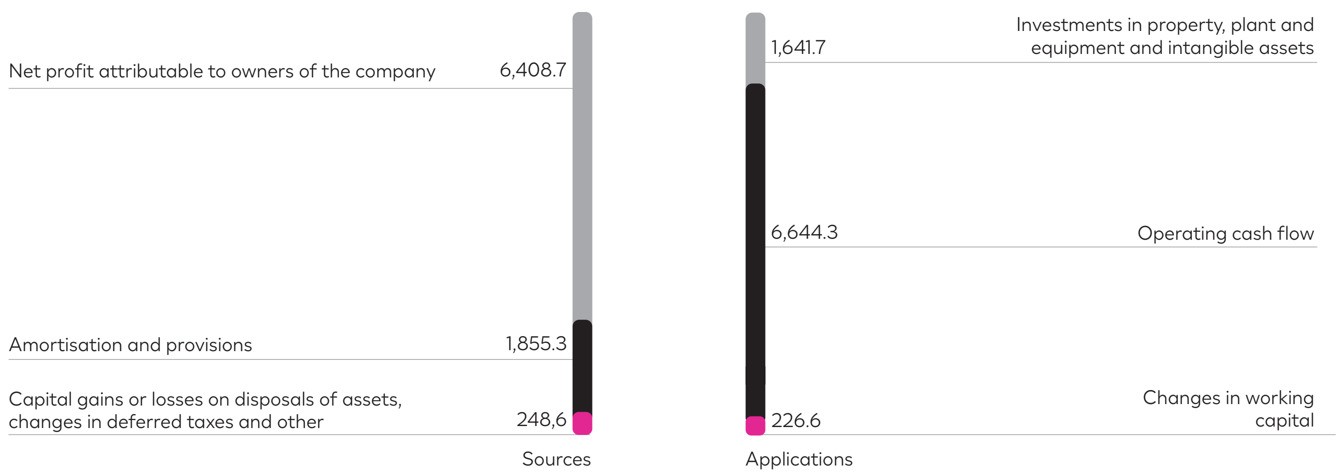
				Change 2023/2024	
€ millions	2022	2023	2024	Like-for-like	Reported figures
Skincare	15,344	16,447	16,804	2.8%	2.2%
Make-up	7,739	8,124	8,449	5.0%	4.0%
Haircare	5,750	6,320	7,034	12.7%	11.3%
Hair colourants	3,362	3,426	3,460	2.3%	1.0%
Perfumes	4,546	5,171	5,956	14.1%	15.2%
Other[(1)]	1,520	1,695	1,784	-16.6%	5.2%
TOTAL COSMETICS SALES	**38,261**	**41,183**	**43,487**	**5.1%**	**5.6%**

(1) "Other" includes hygiene products, sales made by American distributors with non-Group brands.

Compared consolidated income statements

€ millions	2024	2023	2022
Sales	**43,486.8**	**41,182.5**	**38,260.6**
Cost of sales	(11,227.0)	(10,767.0)	(10,577.4)
Gross profit	**32,259.8**	**30,415.5**	**27,683.3**
Research & Innovation expenses	(1,354.7)	(1,288.9)	(1,138.6)
Advertising and promotion	(14,008.9)	(13,356.6)	(12,059.0)
Selling, general and administrative expenses	(8,208.7)	(7,626.7)	(7,028.8)
Operating profit	**8,687.5**	**8,143.3**	**7,456.9**
Other income and expenses	(437.7)	(449.9)	(241.5)
Operational profit	**8,249.8**	**7,693.4**	**7,215.4**
Finance costs on gross debt	(373.4)	(226.7)	(70.4)
Finance income on cash and cash equivalents	148.7	162.1	69.8
Finance costs, net	**(224.7)**	**(64.6)**	**(0.6)**
Other financial income and expenses	(36.7)	(48.8)	(72.3)
Sanofi dividends	444.5	420.9	468.2
Profit before tax and associates	**8,432.9**	**8,001.0**	**7,610.6**
Income tax	(2,015.1)	(1,810.6)	(1,899.4)
Share of profit in associates	(1.3)	0.2	1.4
Net profit	**6,416.5**	**6,190.5**	**5,712.6**
Attributable to:			
• owners of the company	6,408.7	6,184.0	5,706.6
• non-controlling interests	7.8	6.5	6.0
Earnings per share attributable to owners of the company *(euros)*	11.99	11.55	10.65
Diluted earnings per share attributable to owners of the company *(euros)*	11.95	11.52	10.61
Earnings per share attributable to owners of the company, excluding non-recurring items *(euros)*	12.70	12.11	11.30
Diluted earnings per share attributable to owners of the company, excluding non-recurring items *(euros)*	12.66	12.08	11.26

Sources and uses of funds



Gross cash flow: 8,512.6

Financial ratios

	2022	2023	2024
Operating profit/Sales (*as % of sales*)	19.5%	19.8%	20.0%
Net profit excluding non-recurring items attributable to the owners of the Group/ Opening shareholders' equity (*% of shareholders' equity*)	25.8%	23.9%	23.3%
Net gearing[1] (% of shareholders' equity)	11.2%	15.1%	13.4%
Gross cash flow/Investments	5.4x	5.4x	5.2x

(1) *Net gearing: (Current and non-current debt - Cash and cash equivalents) / Shareholders' equity attributable to owners of the company.*

L'Oréal 2019-2024

€ millions	2019	2020	2021	2022	2023	2024
Results						
Consolidated sales	29,874	27,992	32,288	38,260	41,183	43,487
Operating profit	5,548	5,209	6,160	7,457	8,143	8,687
As a percentage of consolidated sales	18.6%	18.6%	19.1%	19.5%	19.8%	20.0%
Profit before tax excluding non-recurring items	5,848	5,485	6,479	7,852	8,451	8,871
Net profit excluding non-recurring items attributable to the owners of the company	4,357	4,099	4,938	6,054	6,487	6,786
Net profit attributable to owners of the company	3,750	3,563	4,597	5,707	6,184	6,409
Total dividend	2,173	2,268	2,601	3,248	3,565.1	3,779.2[3]
Balance sheet						
Non-current assets	29,893	29,047	30,938	32,794	35,530	39,880
Current assets excl. cash and cash equivalents	8,631	8,154	9,362	11,432	12,037	12,421
Cash and cash equivalents	5,286	6,406	2,714	2,618	4,288	4,052
Equity[1]	29,426	28,999	23,593	27,187	29,082	33,138
Net financial position[2]	(2,399)	(3,859)	3,586	3,033	4,404	4,443
Gross cash flow	5,802	5,724	6,640	7,289	8,000	8,513
Per share data (€)						
Diluted earnings per share attributable to owners of the company excluding non-recurring items	7.74	7.30	8.82	11.26	12.08	12.66
Dividend	3.85	4.00	4.80	6.00	6.60	7.00[3]
Share price at 31 December[4]	264.00	310.80	416.95	333.60	450.65	341.85
Highest share price during the year[4]	267.60	321.40	433.65	431.95	460.00	461.85
Lowest share price during the year[4]	194.55	196.00	290.10	300.45	334.30	316.30
Diluted weighted average number of shares outstanding[4]	562,813,129	561,635,963	559,791,545	537,657,548	537,021,039	**536,078,431**

(1) *Plus non-controlling interests.*
(2) *The net cash surplus was €2,399 million in 2019, €3,859 million in 2020, a negative €3,586 million in 2021, a negative €3,033 million in 2022 and a negative €4,404 million in 2023. Net debt was €4,443 million in 2024.*
(3) *Dividend proposed to the Annual General Meeting of 29 April 2025. Total dividend amount estimated on the basis of the number of eligible shares, including shares eligible for the preferential dividend, on 15 January 2025.*
(4) *The L'Oréal share has been listed in euros on the Paris Stock Exchange since 4 January 1999, where it was first listed in 1963. The share capital is €106,862,404.20 at 31 December 2024; the par value of one share is €0.20.*

1.4.1.4 Significant events and post-closing events

Strategy

- Following the successful collaboration with the *Prada* brand, L'Oréal Groupe and Prada S.p.A announced in February a **worldwide long-term license agreement for the creation, development, and distribution of the luxury beauty products for the *Miu Miu* brand**, that is now joining the L'Oréal Luxe Division. The first fragrances under L'Oréal Groupe are expected to be launched in 2025.
- In June, Nicolas Hieronimus, L'Oréal's CEO, gave a keynote speech at The **Consumer Goods Forum** in Chicago, demonstrating how L'Oréal is *"Revolutionising Beauty with Technology."* Consumer Products Division President Alexis Perakis-Valat joined a panel to deep dive into how L'Oréal creates a circular economy for plastics.
- In August, L'Oréal announced the **acquisition of a 10% stake in Galderma**, for a non-disclosed amount. L'Oréal and Galderma have agreed to work towards a **strategic scientific partnership** that will leverage the expertise of both companies: Galderma's across a broad range of dermatological solutions, and L'Oréal's in skin biology, diagnostic tools and evaluation methods.
- L'Oréal has acquired a minority stake in the High Perfumery House *Amouage*, becoming a long-term minority investor. Founded in Oman in 1983, to be 'The Gift of Kings', *Amouage* has redefined the Arabian art of perfumery, garnering a global reputation for bringing innovative modernity and true artistry to all its creations, today present in the world's finest luxury sales points. Following the transaction, SABCO LLC remains *Amouage*'s majority shareholder.
- In December, L'Oréal announced the signing of Gowoonsesang Cosmetics, owner of the Korean skincare brand Dr.G, from Swiss retail group Migros. Dr.G will be part of the Consumer Products Division, positioned to meet the rising demand for K-Beauty.
- In February 2025, L'Oréal agreed to sell approximately 29.6 million of Sanofi shares to Sanofi for €101.5 per share, for a total consideration of €3 billion. Upon completion of the transaction and cancellation of the repurchased shares, L'Oréal will own 7.2% of Sanofi's share capital and 13.1% of its voting rights.
- In February 2025, L'Oréal announced a long-term, exclusive beauty partnership with Jacquemus, solidified by a minority investment supporting their independent development.

Research, Beauty Tech and Digital

- In March, L'Oréal announced the launch of **Melasyl™, a breakthrough molecule designed to address localised pigmentation issues.** L'Oréal's formulations containing this proprietary ingredient work inclusively, across all skin tones, to address pigmented marks on the skin and improve their appearance. Melasyl is the result of rigorous tests involving more than 120 scientific studies.
- In February, **Asmita Dubey, Chief Digital and Marketing Officer of L'Oréal** was named the World Federation of Advertisers **Global Marketer of the Year for 2023.**
- L'Oréal Advanced Research and the University of Oregon pioneered the first successful development of a **bioprinted skin model mimicking natural human skin.** Resulting from the L'Oréal *Skin Technology* Platform, this model enables the rapid and precise construction of skin-like structures. This reinforced the Group's commitment to innovation and to Beauty with no animal testing.
- At **Viva Technology in Paris**, L'Oréal unveiled a number of Beauty Tech innovations: Skin Technology, facial treatment *Renergie Nano-Surfacer/400 Booster (Lancôme)*, skin diagnosis tool *Derma-Reader* (*Kiehl's*), hair health analyser *My Hair [iD] - Hair Reader* (*L'Oréal Professionnel*), personal beauty assistant *Beauty Genius* (*L'Oréal Paris*) and *CREAITECH*, the *Gen AI Beauty Content Lab.*
- In June, the **Cannes Lions International Festival of Creativity 2024** awarded *CeraVe* the **GRAND PRIX** for **Social & Influencer Marketing**, alongside nine other Cannes Lions Awards, making *CeraVe* one of the top-10 most awarded brands at the event.
- In September, L'Oréal announced a **tri-party agreement** with *Abolis Biotechnologies* and *Evonik*, to enable discovery, development, and manufacturing of **innovative and sustainable beauty ingredients**.
- During the Skin Alliance Forum in October, the Dermatological Beauty Division and the International League of Dermatological Societies (ILDS) announced a **landmark study to research the availability and accessibility of dermatological services** in 194 countries.
- In October, L'Oréal earned the prestigious Applied Research Award at the 2024 IFSCC (International Federation of Societies of Cosmetic Chemists) Congress for the discovery of the skin-enhancing effects of ultramarine blue pigments in cosmetics.
- At CES 2025 in Las Vegas, L'Oréal unveiled Cell BioPrint, a tabletop hardware device that provides personalised skin analysis in just five minutes, using advanced proteomics - the study of how protein composition in the human body affects skin aging.
- In January 2025, IBM and L'Oréal announced a collaboration to leverage IBM's GenAI technology and expertise to uncover new insights in cosmetic formulation data. This unique effort will develop a custom AI foundation model engineered to extend the speed and scale of L'Oréal's innovation and reformulation pipeline, with products always reaching higher standards of inclusivity, sustainability, and personalization.

Environmental, Social and Governance Performance

- In March, L'Oréal was recognised as a Supplier Engagement Leader **by global environmental non-profit CDP**. This recognition pays tribute to the commitment of over 450 companies to address climate change within their supply chain. This year marks the sixth consecutive year that L'Oréal has been recognized by the CDP for its sustainability commitments across its entire supply chain.
- In February, L'Oréal ranked among the Top 10 most gender-equitable companies in the world and No. 1 in France, according to the **2024 Equileap Gender Equality Report and Ranking**, which evaluated 3,795 publicly listed companies in 27 markets globally.
- L'Oréal scored a total of **69 RoSPA** (Royal Society for the Prevention of Accidents) awards across 70 sites, covering close to 46,000 employees, continuing to demonstrate its unwavering commitment to health and safety.
- In alignment with its L'Oréal for the Future sustainability ambitions, the Group announced the adoption of **EcoDesignCloud by Eviden**, which measures the environmental footprint of point-of-sale as well as promotional materials.
- In May, Fondation L'Oréal and UNESCO announced the winners of the **26th L'Oréal-UNESCO For Women in Science International Awards**, honouring them for their pioneering research in life and environmental sciences. Since the creation of the programme, 7 of the 132 laureates have received Nobel Prices in science.
- In June, L'Oréal announced the launch of its **fourth Employee Share Ownership Plan** (ESOP), which was rolled out in over 60 countries, allowing employees to be even more closely linked to the Group's development. The ambition is to renew the ESOP each year, subject to the usual authorisations.
- In September, Fast Company announced L'Oréal's placement in the **Top 50 in its 2024 Best Workplaces for Innovators list**. It also named L'Oréal winner for the Beauty and Fashion category.
- In September, L'Oréal secured the number **five position globally and the number one position in France in the FTSE Diversity & Inclusion Index 2024**.
- L'Oréal was recognised for its long-term commitment to diversity, Equity and Inclusion with several **top scores in the 2024 disability equality index**, a leading benchmark developed by Disability:IN.
- In November, SAPMENA region announced having reached as of end-2023 100% renewable energy across all 23 operated sites[1], ahead of the Group's 2025 commitment; this includes all factories, distribution centres, R&I, and offices.
- In November, L'Oréal and *Chenavari Investment Managers* announced the launch of Solstice, a debt fund designed to enable suppliers to accelerate the decarbonisation of their significant industrial projects.
- In January 2025, L'Oréal was awarded the EcoVadis Platinum medal rating with a score of 84 over 100. This recognition ranks L'Oréal in the top 1% of the highest-rated companies in the world among 150,000 companies assessed.

Financial information

- On 19 March, the **2023 Universal Registration Document** was filed with the French Financial Markets Authority (*Autorité des marchés financiers* - AMF), in ESEF format. It is available to the public under current regulatory conditions and may be found, in French and English, on the loreal-finance.com website (under Regulated Information/ Universal Registration Document).
- **The Annual General Meeting of L'Oréal** was held on Tuesday 23 April 2024 in Paris.

Other

- To celebrate **Fashion Week**, the seventh edition of the **L'Oréal Paris "Walk your Worth"** fashion show took place at the Place de l'Opéra in Paris. The event gathered over 1.1 million live-stream views.
- In November, L'Oréal signed a 3-year partnership with Le Louvre, entitled "Of All Beauties" – a guided journey of 108 selected works that perfectly illustrate the Essentiality of Beauty across the ages.

2025 Outlook

"In 2025, as we take the first steps in this conquest, we remain optimistic about the outlook for the global beauty market, and confident in our ability to keep outperforming it and to achieve another year of growth in sales and profit. We expect growth to accelerate progressively, supported by our beauty stimulus plan, which will be driven by an exciting pipeline of new launches and continued strong brand support."

(1) *Excluding safety and security equipment.*

1.4.1.5 L'Oréal's investment policy responds to long-term objectives

L'Oréal is a growing manufacturing company thanks largely to two types of investments:

- scientific and manufacturing investments, which are described in several sections (see 1.3.4 and 1.3.5); and
- marketing investments, which are made on an ongoing basis and are inherent to the Group's activities in the cosmetics industry. Indeed, winning new market share requires in-depth and situation-specific studies, as well as advertising and promotional expenses attuned not only to the familiarity of brands and their competitive position, but also to constant changes in consumers' aspirations - something that the subsidiaries' sales and marketing teams monitor constantly. Lastly, investments in point-of sale (POS) advertising materials ensure optimal presence for our brands in points of sale.

For reasons relating to strategy and competition, L'Oréal cannot therefore provide any systematic information on future investments.

In 2024, the Group's investments totalled €1,642 million, or 3.8% of its net sales. This level reflects the Group's constant efforts to improve manufacturing efficiency, research and digital development performance and enhance brand value.

Investment commitments in 2024 can be broken down as follows: production and the physical supply chain represented approximately 22% of total investments; marketing investments, including moulds, point-of-sale advertising materials and stores accounted for 38%; IT investments spread over all these categories represented 23% of total investments; research and the head offices in the different countries accounted for the remainder[(1)]. Despite their strategic nature, none of these investments taken individually is material enough at Group level to warrant more detailed disclosure.

(1) See notes 3.2.2, 7.2 and 14.2 to the consolidated financial statements for more details on these investments.

1.4.2 L'Oréal for the Future programme initiated in 2020: 2024 results

The following table summarises the objectives[1] for L'Oréal for the Future, the extent to which they were achieved in 2024 and a reminder of the results in 2023. Further information on the L'Oréal for the Future programme can be found in 4.1.2, particularly with regard to the work in progress for the 3rd era of objectives.

TRANSFORMING L'ORÉAL'S ACTIVITIES

	L'Oréal is aiming to:	2024 results / Outperformance / Objectives
CLIMATE	Reduce Scopes 1 & 2 GHG emissions by 57% by 2030, compared with 2019.	-51% → -57% 2023 results: -42%
	Reduce Scope 3[2] GHG emissions by 28% by 2030, compared with 2019.	+9% → -28% 2023 results: +8%
	Reach 100% renewable energy at our operated sites[3] by 2025.	97% → 100% 2023 results: 91%
WATER	Evaluate all formulas using the environmental test platform by 2030, to guarantee they are respectful of all aquatic ecosystems, whether continental or coastal.	*As the methodology for calculating the comprehensive environmental assessment is currently being rolled out, L'Oréal gives an indicative average biodegradability rate[4] for its formulas of 82%.*
	Innovate to enable consumers to reduce by 25% by 2030, on average and per finished product, the water consumption linked to the use of products, compared to 2017.	+5% → -25% 2023 results: +3%
	Use 100% recycled and reused water in industrial processes by 2030.	53% → 100%
	Ensure that all strategic suppliers use water responsibly in the areas where they operate by 2030.	*The methodology used to calculate this indicator is currently being rolled out in collaboration with the CDP.*
BIODIVERSITY	Guarantee that 100% of ingredients in formulas and biobased packaging materials are traceable and come from sustainable sources by 2030.	92% → 100% 2023 results: 88%
	Maintain the total land cover required to produce ingredients at the same level as in 2019 by 2030.	*The calculation methodology for this indicator is in the process of being rolled out.*
	Ensure that all industrial sites and buildings operated by L'Oréal have a positive impact on biodiversity, compared to 2019[5] by 2030.	0% → 100% 2023 results: 0%

(1) These objectives are presented by L'Oréal on a voluntary basis and do not result from any legal obligations. These targets may be re-evaluated to meet evolving requirements. L'Oréal's ambition is to focus its efforts on the most important and strategic issues, in line with the results of the double materiality analysis carried out in 2024, and to adjust actions and/or targets according to progress made and persistent challenges.
(2) On purchases of goods and services by the Group, business travel, upstream transportation and distribution.
(3) Operated sites, excluding safety and security equipment.
(4) The biodegradability of formulas (excluding make-up) is calculated using OECD 301 methodology or a methodology based on an equivalent ISO standard.
(5) The positive impact on biodiversity is measured by the increase in an internal score (site biodiversity score) as well as a site reaching a 5/5 biodiversity culture level.

■ 2024 results
■ Outperformance ■ Objectives

RESOURCES

L'Oréal is aiming to:	2024 results	Objectives	2023 results
Ensure 95% of ingredients in formulas are biobased, derived from abundant minerals or from circular processes by 2030.	66%	95%	2023 results: 65%
Use 100% recycled or biobased plastics in packaging by 2030 (with an interim target of 50% by 2025).	37%	100%	2023 results: 32%
Reduce the intensity of the quantity of packaging used for products by 20% compared to 2019 by 2030.	-11 %	-20%	2023 results: -4%
Ensure that 100% of the Group's plastic packaging is refillable, reusable, recyclable or compostable by 2025.	49%	100%	2023 results: 44%
Use eco-design[6] techniques for all the Group's products by 2030.	98%	100%	2023 results: 96%
Eco-design 100% of new point-of-sale displays by 2025.	99%	100%	2023 results: 99%
Design and build 100% of new or renovated L'Oréal stores in accordance with the Group's sustainability principles by 2025.	54%	100%	2023 results: 78%[7]
Recover (reuse or recycle) 100% of waste generated on industrial sites by 2030.	76%	100%	2023 results: 61%

INVOLVING THE ECOSYSTEM IN THE GROUP'S TRANSFORMATION

	2024 results	Objectives	2023 results
Ensure that 100% of strategic suppliers' employees are paid at least a living wage covering their basic needs and those of their dependents, calculated in line with best practices by 2030.	6%[8]	100%	
Help 100,000 people from deprived communities to find work by 2030.	71,349	100,000 people	2023 results: 37,264
Involve three million people in L'Oréal brand social engagement programmes by 2030.	>4.5 million	3 million	2023 results: > 4 million

CONTRIBUTE TO SOLVING GLOBAL CHALLENGES

L'Oréal is aiming to:	2024 results	Objectives	2023 results
Allocate €80 million through the **L'Oréal Fund for Women** to support the most vulnerable women by 2026.	70 million	80 million	2023 results: 55 million
Invest €50 million through the **L'Oréal Fund for Nature Regeneration** to help restore one million hectares of degraded ecosystems, capture 15 to 20 million tonnes of CO_2 and create hundreds of jobs[9] by 2030.	24.4 million	50 million	2023 results: 27 million
Invest €50 million through the **Circular Innovation Fund** to finance circular economy projects by 2030.	16.9 million	50 million	2023 results: 12.6 million
Allocate €15 million through the **L'Oréal Climate Emergency Fund** to increase the resilience of vulnerable communities in the face of climate disasters by 2026.	10 million	15 million	2023 results: 5 million

(6) Eco-designed products are new or updated products that have an improved environmental profile.
(7) 2023 data as restated.
(8) Percentage of suppliers certified to pay at least an adequate (living) wage by the Fair Wage Network.
(9) The impacts in terms of carbon capture and job creation will be measured and published once the projects have matured.

2 — Corporate governance AFR

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AFR *This information is an integral part of the Annual Financial Report.*

CSRD *Sections containing information from the Sustainability Report.*

This chapter details the conditions under which the Board of Directors' work is prepared and organised and includes a summary of how the Board's organisation ensures a balance of powers. The Internal Rules of the Board of Directors are appended to this chapter in full. It includes the components of the remuneration of corporate officers as well as all trading in L'Oréal shares reported by corporate officers in 2024 together with the remuneration policy, pursuant to Article L. 22-10-8 of the French Commercial Code (Code de commerce).

2.1 Framework for the implementation of corporate governance principles

2.1.1 AFEP-MEDEF corporate governance code

The Company uses the AFEP-MEDEF Code as its corporate governance code of reference.

This chapter includes[1] the corporate governance section of the Management Report and sets out the following:

- the composition of the Board of Directors, including how gender balance is ensured;
- the conditions under which the Board of Director's work is prepared and organised;
- the remuneration policy for corporate officers;
- information relating to the remuneration and benefits of any kind for corporate officers during the previous financial year, pursuant to Article L. 22-10-9 of the French Commercial Code; and
- restrictions imposed on the powers of the Chief Executive Officer by the Board of Directors.

The other information included in the corporate governance section of the Management Report can be found in chapter 7[2], in particular:

- the summary table of authorisations in force granted by the Annual General Meeting (see section 7.2.2);
- the rules for shareholder participation in Annual General Meetings, or the provisions of the Articles of Association providing for these rules (see section 7.1.4); and
- factors that could have an impact in the event of a public tender or exchange offer for the Company's securities (see section 7.3).

In accordance with the recommendations of the AFEP-MEDEF Code, a summary table in this chapter identifies the provisions of the Code which were not applied and outlines why this was the case (see section 2.5).

This chapter also includes information about the work carried out by the Board of Directors and the Board Committees on sustainability (see section 2.3.4). Information about the Board of Directors' oversight of sustainability disclosures is also provided in the Sustainability Report in chapter 4 of this Universal Registration Document, particularly in section 4.1.1.

2.1.2 Balance of powers within the Board of Directors

2.1.2.1 General Management procedures: separation of the roles of Chairman of the Board and Chief Executive Officer

L'Oréal's corporate governance structure that is suited to the Group's specificities and is part of a continuous progress approach. L'Oréal's General Management procedures have always been decided in the best interests of the Company, and attention is constantly focused on ensuring that the governance structure chosen optimises the Group's performance and creates the most favourable conditions for its long-term development.

Between 2006 and 2011, the roles of Chairman of the Board of Directors and Chief Executive Officer were separated, with Sir Lindsay Owen-Jones holding the role of Chairman and Jean-Paul Agon the role of Chief Executive Officer. In 2011, the Board of Directors decided to combine these positions and appoint Jean-Paul Agon as Chairman of the Board of Directors and Chief Executive Officer of L'Oréal, a position that he held until 30 April 2021.

The Board of Directors decided to separate these positions from 1 May 2021, appointing Nicolas Hieronimus as Chief Executive Officer and renewing Jean-Paul Agon's term of office as Chairman of the Board. The Board reiterated this decision on 21 April 2022 when Jean-Paul Agon was reappointed as a Director.

(1) *In accordance with the provisions of Article L. 225-37, section 6 of the French Commercial Code.*
(2) *A description of the main features of the internal control and risk management systems used in the preparation of financial information, which must be included in the corporate governance report pursuant to Article L.22-10-10, 7 of the French Commercial Code, is provided in section 3.3.*

Nicolas Hieronimus joined L'Oréal 37 years ago. He worked in various positions in marketing before joining General Management (L'Oréal Paris France, L'Oréal Paris International and L'Oréal Mexico). In 2008, he was appointed General Manager of the Professional Products Division and joined the Executive Committee. In January 2011, he was appointed President of L'Oréal Luxe, a role that he held until the end of 2018. In 2013, he became General Manager of Selective Divisions (Luxe, Active Cosmetics[1], Professional Products). He was named Deputy Chief Executive Officer in charge of Divisions in May 2017.

This structure seeks to ensure that the Group's performance, values and commitments are sustainable, and upkeep the quality of its governance.

Both the Board of Directors and Nicolas Hieronimus benefit from Jean-Paul Agon's successful and recognised experience in both of his positions. The Board of Directors can count on his expertise in governance to respond to the growing expectations of the Group's stakeholders.

Nicolas Hieronimus offers expertise in the cosmetics market, an intimate knowledge of L'Oréal and a vision of the future of Beauty, all of which will help the Group to implement future strategic priorities, take advantage of all the opportunities available in an ever-changing world and adapt and reinvent the Group, all while keeping with its values, commitments and Sense of Purpose to "Create the beauty that moves the world". He also brings to the Board his extensive experience in corporate governance and ESG strategy, as well as in-depth knowledge of digital and new technologies.

As part of the Board's self-assessment of its operating procedures carried out towards the end of 2024 (see section 2.3.5), the Directors said they felt the separation of the roles of Chairman and Chief Executive Officer works very satisfactorily.

In this context, the Board, considering as essential that the Chief Executive Officer take part in its discussions, at the Annual General Meeting to be held on 29 April 2025, will propose to the shareholders to re-appoint Nicolas Hieronimus as a Director for a further four-year term.

2.1.2.2 Key aspects of the composition and functioning of the Board of Directors

A harmonious composition

The balance of powers on the Board of Directors is built around its coherent and harmonious composition and the qualities of its Directors.

At 31 December 2024, the Board of Directors comprised the Chairman and Chief Executive Officer, three Directors (one of whom is Vice-Chairman of the Board) from the Bettencourt Meyers family, two Directors (one of whom is Vice-Chairman of the Board) linked to Nestlé, seven independent Directors and two Directors representing the employees.

As such, 50% of Board members are independent[2], highly committed and fully capable in their respective roles given their backgrounds and experience. They hold responsibilities at the highest level in major international groups, which gives them insight into all the dimensions of L'Oréal's operations, clarify Board discussions and interact effectively with General Management.

All Board members participate in the discussions and are a driving force for ideas. The diversity and complementarity of the Directors' experience and expertise, with their entrepreneurial and international backgrounds and skills in financial matters and sustainability, give them a rapid and in-depth understanding of the development challenges faced by L'Oréal. As the leader in a globalised and highly competitive cosmetics market where demands for innovation and adaptation are very high, this is essential for L'Oréal.

Specialised, proactive and effective Board Committees

The Board of Directors pays careful attention to ensuring that the operation, composition and responsibilities of the Board Committees contribute to an appropriate balance of powers. The Board has set up specialised committees to support the Directors in working together to carry out their duties. Their terms, composition and operating procedures are defined in the Internal Rules of the Board of Directors, which the Board makes available to the public (see 2.3.3).

The Board Committees have a large proportion of independent Directors: 66% of Audit Committee members, 60% of Human Resources and Remuneration Committee members, and 50% of Nominations and Governance Committee members. The Chair of each of these Committees is independent. Only the Strategy and Sustainability Committee, whose organisation is not regulated, is chaired by a non-independent Director within the meaning of the AFEP-MEDEF Code in the person of the Chairman of the Board of Directors. The Chief Executive Officer does not sit on any of the Committees.

The Committees are free to draw up their respective agendas. They systematically report to the Board of Directors on their work, organising meetings and making recommendations.

As part of the Board's self-assessment in late 2024, the Directors once again emphasised the quality of the work and recommendations of the Board Committees, and the fact that they are essential in order for the Board to make fully informed decisions.

Executive sessions

Since 2019, the Board has held executive sessions at least once a year, in accordance with the Board's Internal Rules.

The Board believes that these meetings, which are not attended by any corporate officers or Group employees, contribute to good governance. The Chairman of the Board attends the opening section of these sessions, but leaves for the remainder of the meeting. The issues raised in these meetings are also addressed, where appropriate, in the Board's annual self-assessment.

Regular assessment of the organisation and operation of the Board

As part of the annual assessment on how the Board operates, the Directors set new objectives each year to improve the quality of their organisation. Their objective is to improve their efficiency and ensure that they have the necessary means to carry out their duties successfully and with complete freedom (see section 2.3.5).

(1) Since renamed Dermatological Beauty.
(2) Excluding Directors representing the employees, in accordance with the AFEP-MEDEF Code.

Prevention of conflicts of interest

The Directors are required to act in the best interests of the Company and of all its shareholders at all times. Each year, the Board of Directors assesses the situation of each Director as part of its procedures for preventing conflicts of interest. Each Director has the obligation to report any potential conflicts of interest which could arise and, in any such event, must abstain from participating in the corresponding debates and deliberations. The Board and its Committees also ensure that any external service providers it works with do not have any conflicts of interest.

2.1.2.3 Relationships between the Board and General Management

Powers and duties of the Chief Executive Officer

The Internal Rules of the Board of Directors stipulate that the Chief Executive Officer is granted the broadest powers to act in the name of the Company in all circumstances, in compliance with the limits set by the Board. However, transactions of a significant amount or falling outside the Company's ordinary course of business are submitted to the Board of Directors (see Article 1.2.2. of the Board's Internal Rules).

Nicolas Hieronimus exercises these powers within the limit of the Company's Sense of P urpose, subject to the powers expressly granted by French law to Annual General Meetings and the Board of Directors. He represents the Company in its dealings with third parties.

The Chief Executive Officer communicates with complete transparency with all Directors and keeps them regularly informed of all aspects of the Company's affairs and performance. He is required to provide each Director with all the documents and information they require to carry out their duties. More specifically, the Chief Executive Officer provides Board members with information that may prove useful as they prepare meetings, or whenever the importance or urgency of the information so requires, enabling the Board to manage any relevant issues with complete freedom. The ongoing provision of information also includes any relevant information concerning the Company, and in particular press articles and reports containing financial analysis. The Chief Executive Officer allows the Board and its Committees to meet with senior executives of L'Oréal, within the strict framework of their duties. In consultation with the Chief Executive Officer, the Board and the Committees may use external consultants if they consider it necessary.

Through its reflections and guidance, the Board provides General Management with invaluable strategic decision-making support.

Duties of the Chairman of the Board of Directors

The Internal Rules of the Board stipulate the following duties of Jean-Paul Agon, in his capacity as Chairman of the Board of Directors: *"The Chairman of the Board organises and oversees the Board's work and reports thereon to the Annual General Meeting.*

The Chairman sets the dates and the agenda for Board meetings and leads the discussions.

The Chairman is actively involved in defining the Company's growth strategy and encourages and strengthens, inter alia, links between the Company and the main market players. The Chairman oversees the work of the Company's bodies responsible for corporate governance and ensures, in particular, that Directors are able to carry out their duties. He may request that any document or information that is likely to assist the Board of Directors in preparing meetings is shared.

The Chairman of the Board must strive as far as possible to promote the values and image of the Company at all times. His views are expressed in this capacity.

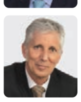
He is provided with the material resources required to perform his duties.

The Chairman of the Board takes care to develop and maintain a relationship built on trust and regular interaction between the Board and General Management, in order to ensure the continuous and ongoing implementation of the strategies defined by the Board.

The Board decided to broaden the Chairman's remit to take account of Jean-Paul Agon's experience and expertise, as well as his in-depth knowledge of the Group and the beauty market. In each of these specific missions, the Chairman works closely with the Chief Executive Officer, who is responsible for directing and managing the Company's operations. Jean-Paul Agon, as Chairman of the Board of Directors, provides assistance and advice to the Chief Executive Officer, particularly in implementing the strategic priorities defined by the Board:

- he is informed and consulted by the Chief Executive Officer on all significant issues and events, such as acquisition or disposal projects, major financial transactions, financial communication, the priorities of the Human Resources policy and appointments of the Group's key senior executives, Ethics and issues regarding Corporate Social Responsibility;
- together with the Chief Executive Officer, he monitors certain equity interests, including L'Oréal's stake in Sanofi;
- together with the Chief Executive Officer, he can represent the Group in its high-level relations, both nationally and internationally, including with public authorities and L'Oréal's strategic partners and stakeholders;
- he that L'Oréal's values and culture are respected;
- he can meet with Statutory Auditors as part of preparations of the work of the Board and the Audit Committee;
- he chairs and leads the Strategy and Sustainability Committee;
- he attends meetings with the members of the Board which are not attended by any Directors sitting on or reporting to General Management. These meetings serve as an opportunity to discuss the performance and remuneration of executive corporate officers; and
- he reports to the Board on the progress of his work.

2.2 Composition of the Board at 31 December 2024

	At 31 December 2024		Age	Gender	Nationality	Number of directorships in listed companies*	Independence	First appointed	Term of office expires (AGM)	Seniority on the Board (years)	Board Committees: Strategy and Sustainability	Board Committees: Audit	Board Committees: HR and Remuneration	Board Committees: Nominations and Governance
Chairman	Jean-Paul Agon		68	M	French			25/04/2006	2026	18	C			
Chief Executive Officer	Nicolas Hieronimus		60	M	French			20/04/2021	2025	3				
Françoise Bettencourt Meyers and her family	Françoise Bettencourt Meyers **Vice-Chairwoman**		71	W	French			12/06/1997	2025	27	●		●	●
	Jean-Victor Meyers		38	M	French			13/02/2012	2028	12	●			
	Nicolas Meyers		36	M	French			30/06/2020	2028	4		●		
Directors linked to Nestlé	Paul Bulcke ** **Vice-Chairman**		70	M	Belgian-Swiss	1		20/04/2017	2025	7	●		●	●
	Béatrice Guillaume-Grabisch		60	W	French			20/04/2016	2028	8		●		
Independent Directors	Sophie Bellon		63	W	French	2	◆	22/04/2015	2027	9			C	●
	Patrice Caine		54	M	French	1	◆	17/04/2018	2026	6	●			C
	Fabienne Dulac		57	W	French	1	◆	18/04/2019	2027	5		●	●	
	Ilham Kadri		55	W	French-Moroccan	2	◆	30/06/2020	2028	4		●		
	Virginie Morgon		55	W	French		◆	26/04/2013	2025	11		C		
	Alexandre Ricard		52	M	French	1	◆	20/04/2021	2025	3	●		●	
	Jacques Ripoll		58	M	French		◆	23/04/2024	2028	<1		●		
Directors representing the employees	Thierry Hamel		70	M	French			21/04/2022	2026	2			●	
	Benny de Vlieger		60	M	Belgian			21/04/2022	2026	2		●		

58.5 average age of Directors

50% independent Directors***

43% women Directors***

57% men Directors***

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors* ● *Member of the Committee* **C** *Chair of the Committee*

* *Number of directorships (excluding L'Oréal) held in listed companies, including foreign companies, in accordance with the provisions of Article 20 of the AFEP-MEDEF code (i.e., excluding directorships held in subsidiaries and affiliates, held alone or in concert, by an executive corporate officer of companies whose main activity is to acquire and manage said affiliates).*

** *Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017.*

*** *Excluding Directors representing the employees, in accordance with the French Commercial Code* (Code de commerce) *and the AFEP-MEDEF Code.*

2.2.1 Guiding principles

2.2.1.1 Balanced composition of the Board of Directors

At 31 December 2024, the Board of Directors comprised 16 members.

Alongside the Chairman of the Board and the Chief Executive Officer[1], the composition of the Board is balanced with seven independent Directors, three Directors from the Bettencourt Meyers family (which holds 34.76% of the share capital), two Directors linked to Nestlé (which holds 20.14% of the share capital)[2] and two Directors representing the employees.

2.2.1.2 Diversity policy applied to the Board of Directors: experienced Directors with complementary profiles

As is the case each year, the Board considered the desirable balance of its composition, including of its Committees (gender balance, ages, qualifications and professional experience, nationalities and international profiles).

The Directors of L'Oréal come from different backgrounds. They complement one another due to their different professional experience, their skills and their international exposure.

The Board is attentive to maintaining a balance between Directors with historical knowledge of the Company and Directors with a more external perspective who have joined the Board more recently.

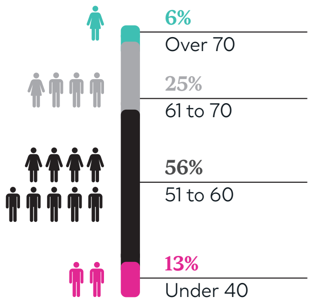
SUMMARY TABLE OF THE DIVERSITY POLICY APPLIED TO THE BOARD OF DIRECTORS

Criteria	Policy and objectives	Means of implementation and outcomes achieved in 2024
Age and seniority of Directors	Maintaining generational balance beyond compliance with the Internal Rules: • no more than one-third of Directors over the age of 70; and • in principle, it is agreed that Directors are to resign from the Board before the Annual General Meeting following their 73rd birthday. Alongside balance in terms of age, also maintaining balance in terms of seniority on the Board.	Directors are aged between 36 and 71, with an average age of 58.5. The Board considers that its composition is balanced and includes Directors with long-standing knowledge of L'Oréal and Directors who have joined more recently.
Gender balance **Representation of men and women**	Compliance with the Copé-Zimmermann law, which sets a gender quota of a minimum of 40% of Board members that are the same gender[3]. Desire to maintain gender balance of around 50% on the Board. Desired gender balance in the Committees.	At 31 December 2024, women made up 43% of the Board of Directors, which is higher than the 40% minimum ratio set in the French Commercial Code in order to achieve gender balance on corporate boards. Half of the Committees are chaired by women (Audit Committee and Human Resources and Remuneration Committee).
Nationalities **International profiles**	Recruitment of international profiles: • targeting Directors of foreign nationality or with an international culture; and/or • having international experience in L'Oréal's strategic markets.	The Board has Directors with four different nationalities (Belgian, French, Moroccan, and Swiss). The vast majority of Directors have international careers and responsibilities. Five Directors are based outside France.
Qualifications and professional experience	Search for complementarity in the experience of Directors. Definition of a base of skills and expertise shared by all Directors. Skills related to L'Oréal's strategy and development objectives.	The Nominations and Governance Committee has identified a set of skills and expertise, validated by the Board. (See below)

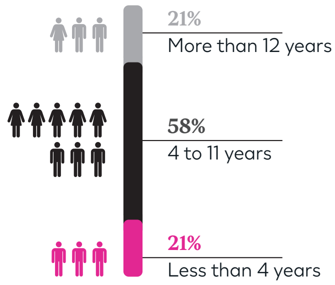
(1) Only the Chief Executive Officer is considered to be an executive director within the meaning of the CSRD.
(2) The breakdown of L'Oréal's share capital at 31 December 2024 is shown in chapter 7.
(3) Directors appointed by the Annual General Meeting.

SITUATION AT 31 DECEMBER 2024

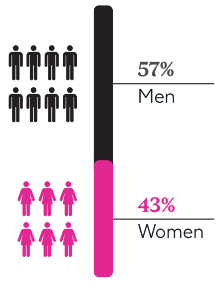
BREAKDOWN BY AGE



SENIORITY IN OFFICE*



BREAKDOWN BY GENDER*



* *Excluding Directors representing the employees.*

DIRECTORS' QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

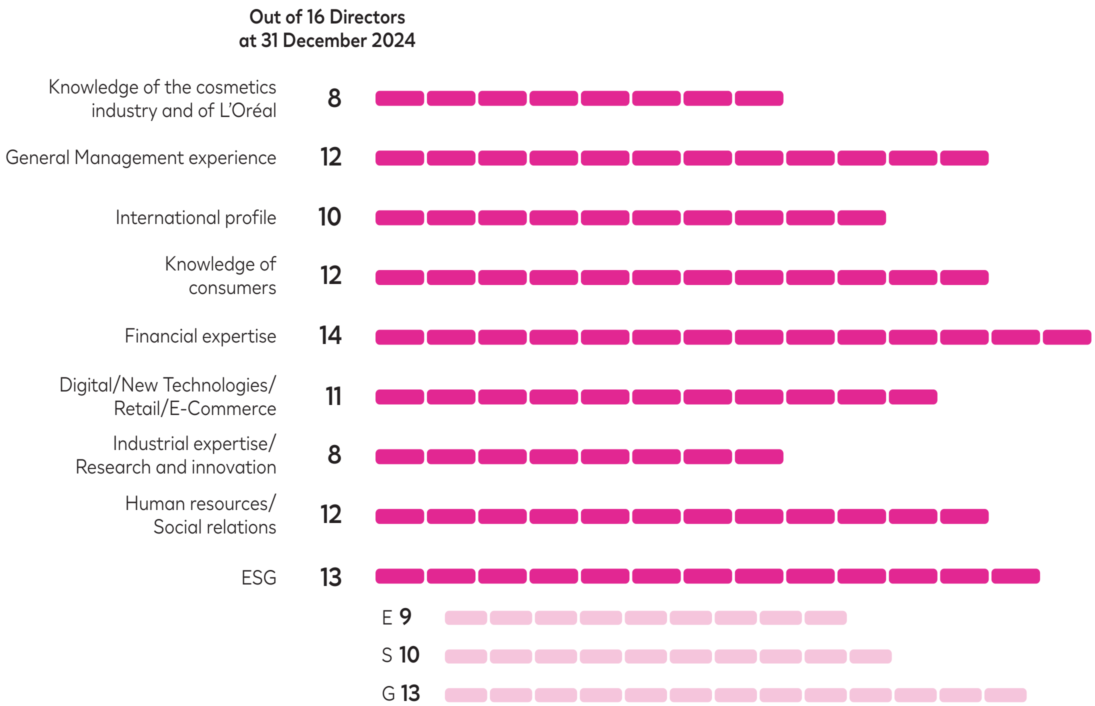
Skills base and shared expertise

All L'Oréal Directors offer the Board of Directors:

- Good judgement
- Ethics
- Concern for the interests of the Company
- Strategic vision
- Sense of innovation and entrepreneurship
- International experience
- Experience in the functioning of governance bodies

Skills related to L'Oréal's strategy and development objectives

L'Oréal's Directors complement one another on account of their varied professional experience and business undertakings. Their individual skills and expertise cover the areas indicated in the chart below.



With their complementary expertise and freedom of judgement, the Directors collectively ensure that the measures adopted contribute to the implementation of L'Oréal's strategy.

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

In ESG matters specifically, three priority skills areas have been identified: experience in developing the CSR strategy of an international group, experience of governance and business ethics, and societal commitment, including philanthropy.

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

For example, the Committee is supported in overseeing the climate strategy by subject-matter experts with an understanding of climate science, which means that the Committee is able to examine the strategic implications of the main drivers identified for reducing carbon intensity, such as the packaging strategy, formulas, supply chain (in terms of supplier engagement) and advertising elements such as digital marketing, etc.

The intrinsic skillsets of each Director are identified by the Nominations and Governance Committee based on their profile, experience and career, 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 developed through high-level presentations at Board and Committee meetings.

The above table gives an overview of the skills matrix for Directors. The Board has a broad range of experience across various business sectors and expertise in various fields, which means it is able to meet the strategic and performance-related challenges faced by L'Oréal. Moreover, regardless of their individual nationalities, some two-thirds of the Directors have spent portions of their careers working abroad.

The skills matrix is monitored and reviewed annually by the Nominations and Governance Committee and by the Board of Directors. The aim is to ensure that the skills of Directors are commensurate with L'Oréal's current and future challenges, and to determine the profiles to be identified in connection with changes to the composition of the Board. This allows the Committee to draw up (i) a short-to-medium- and (ii) long-term vision (12 years maximum, in accordance with the AFEP-MEDEF Code's independence requirements), in order to target skills in line with the Company's strategic priorities and that complement or strengthen the skills already present on the Board. In this way, the Board is provided with the key skills identified in the matrix on an ongoing basis. The Directors also assess this themselves as part of the annual assessment of the Board.

Induction and continuous training

As soon as they are appointed, each Director receives a welcome pack containing a range of useful information for carrying out their duties. The Directors receive specific in-person support throughout their terms of office. These meetings cover issues such as the Group's culture, history and governance and the Board of Directors' operating methods. Also, before becoming a member of a Board Committee, the Directors meet with the Group's Key Experts in the domain concerned.

Directors' training carries on after they join the Board as part of a continuous training process. Additionally, each Director can ask the Chairman of the Board to provide them with any documents and information they feel they need to enable them to effectively carry out their duties and make fully informed decisions. Board meeting agendas regularly include an item devoted to strategic presentations on specific topics given by the Group's key executives, so that the Directors can gain greater insight into the Group's challenges. These presentations enable the Board's members to deepen their knowledge about L'Oréal specifically (manufacturing, R&I and technology) and the beauty sector in general, and to increase their expertise on particular technical topics (such as ESG and regulatory requirements). The meetings attended by the Group's key executives are also an opportunity for them to contribute to the Board's discussions. Each Director can also ask for any training they feel they need to carry out their duties.

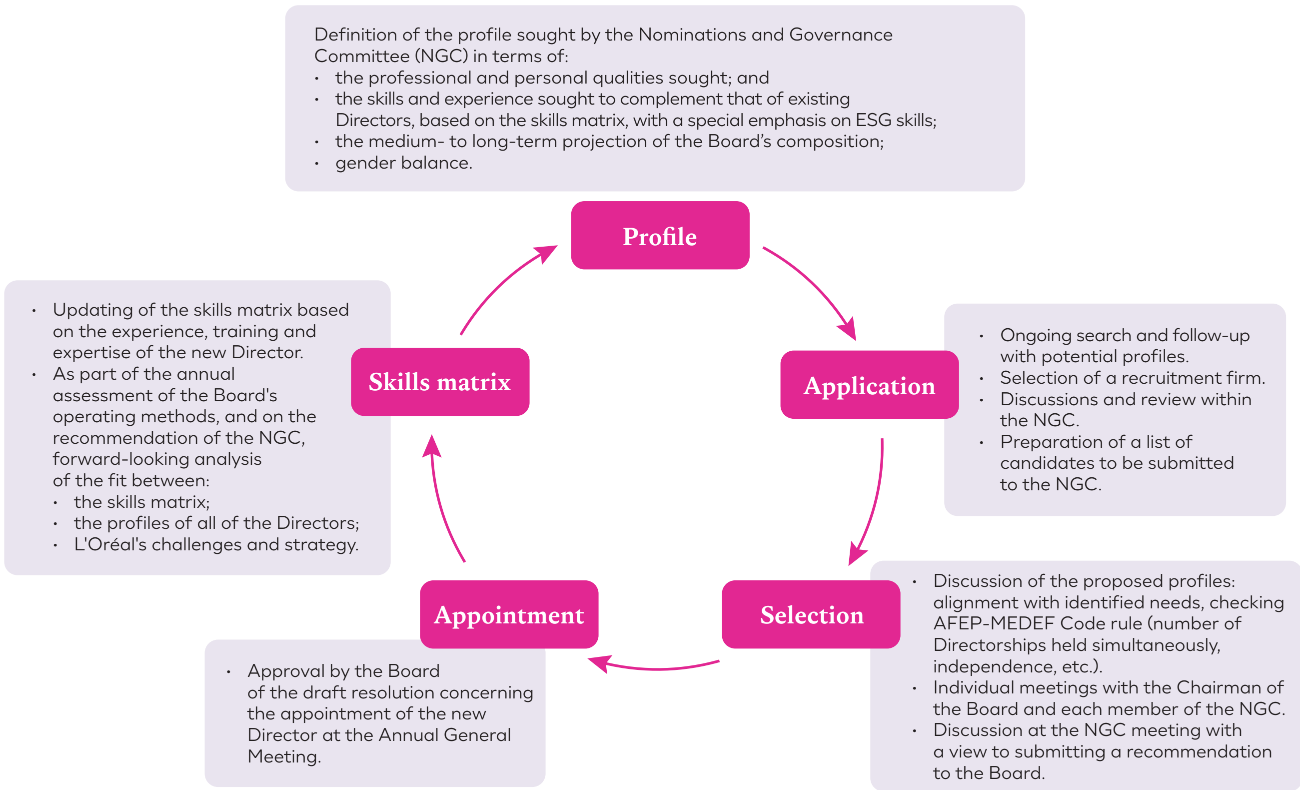
Directors representing the employees are provided with additional training tailored to their role on the Board.

In 2024, the Directors attended specific training sessions on business ethics, which covered topics including responsible marketing, responsible AI and the Group's social media policy.

SELECTING NEW DIRECTORS

The procedure for selecting new Directors is described in Article 5.3.1. of the Internal Rules of the Board of Directors, which is reproduced in full in section 2.3.6.

Selection process for new independent Directors appointed by the Annual General Meeting



2.2.1.3 Two Directors representing the employees

Two Directors representing the employees have sat on the Board of Directors since 2014. Their experience as employees gives these two Directors an in-depth understanding of the business and the risks it faces, meaning they can enhance Board discussions in the interests of sustainable and long-term governance.

Thierry Hamel was appointed as a Director representing the employees by the CFE-CGC union. He is a Project Manager for Sales Excellence, Onboarding and Training for the sales teams in the Professional Products Division in France.

Benny de Vlieger has been appointed as a Director representing the employees by the European Works Council. He is a Sales Representative for the Consumer Products Division in Belgium.

Their four-year terms of office began at the end of the Annual General Meeting of 21 April 2022. As soon as they take up their office, the Directors representing the employees, like all L'Oréal Directors, receive support in the form of dedicated meetings with the Chairman of the Board, the Chief Executive Officer, the Chairman of the Nominations and Governance Committee and the Board Secretary of Directors in particular.

Directors representing the employees are entitled to training and are offered a personalised programme so they can supplement their knowledge of the business, understand the requirements of being a Director and make preparations to join one of the Board's specialised Committees.

After a one-year induction period to familiarise them with the way the Board operates and the major challenges facing the Company, Thierry Hamel and Benny de Vlieger joined the Human Resources and Remuneration Committee and the Audit Committee, respectively, at the close of the Annual General Meeting of 21 April 2023.

Directors representing the employees are remunerated for their duties according to the same distribution rules as other Directors. The components of their remuneration as employees are not published.

2.2.1.4 Independent Directors

All L'Oréal Directors have freedom of judgement

The balance of powers on the Board is ensured through a very precise outline of each individual's roles and tasks that are divided up and shared. Each Director receives information on an ongoing basis and has everything they need to carry out their duties. They all have a duty of care and participate, in total independence, in the decisions and work of the Board and, where applicable, its Committees. They are all required to comply with the rules in force with regard to conflicts of interest.

Directors who qualify as independent in accordance with the AFEP-MEDEF Code

A member of the Board is considered independent when he or she has no relationship of any kind whatsoever with the Company, its group or its management that may interfere with his or her freedom of judgement. With this in mind, the criteria that guide the Board in determining whether a member can qualify as independent are the following, as set out in the AFEP-MEDEF Code, the member:

- must not have been during the previous five years an employee or executive corporate officer of the Company, an employee, an executive corporate officer or a Director of a company that is consolidated by the Company, or an employee, an executive corporate officer or a Director of its parent company or of a company consolidated by that parent company;
- not be an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having held such office within the last five years) holds a directorship;
- not to be a customer, supplier, commercial banker, investment banker or consultant that is significant to the Company or the group, or for which the Company or the group represents a significant portion of its activity;
- not to be related by close family ties to a corporate officer;
- not to have been a Statutory Auditor of the Company within the previous five years; and
- not to have been a Director of the Company for more than twelve years.

At its meeting held on 6 February 2025, the Board of Directors examined, on a case-by-case basis, the situation of each of the members concerned in light of the independence criteria set out in the AFEP-MEDEF Code.

	Not an employee or executive corporate officer	No cross-directorships	No significant business relationships	No family ties	Not a Statutory Auditor	Not a Director for more than 12 years	Classification adopted
Sophie Bellon	yes	yes	yes	yes	yes	yes	Independent
Patrice Caine	yes	yes	yes	yes	yes	yes	Independent
Fabienne Dulac	yes	yes	yes	yes	yes	yes	Independent
Ilham Kadri	yes	yes	yes	yes	yes	yes	Independent
Virginie Morgon	yes	yes	yes	yes	yes	yes	Independent
Alexandre Ricard	yes	yes	yes	yes	yes	yes	Independent
Jacques Ripoll	yes	yes	yes	yes	yes	yes	Independent

Based on the work carried out by the Nominations and Governance Committee, on 6 February 2025, the Board of Directors reviewed, as it does each year, whether any business relationship exists with these Directors. Business relationships refer to the financial flows that took place during 2024 between L'Oréal and companies in which the Directors who qualify as independent also hold an office or position. As to the significance of the business relationship, and in keeping with the recommendations of the French financial markets authority, the Board of Directors carried out a quantitative and qualitative analysis, adopting where necessary a wide multi-criteria approach (duration and continuity, importance of the business relationship for L'Oréal and the Director, and organisation of the relationship). Following this analysis, the Board concluded there were no significant business relationships.

In summary, on 31 December 2024, 7 out of 14 members of the Board of Directors (excluding the Directors representing the employees, in accordance with the AFEP-MEDEF Code) qualified as independent (i.e., 50% of the Board of Directors). It is specified that the following are not considered to be independent: Jean-Paul Agon (a former executive corporate officer within the last five years and Director since 2006); Nicolas Hieronimus (executive corporate officer); Françoise Bettencourt Meyers, Jean-Victor Meyers and Nicolas Meyers (Bettencourt Meyers family, holding 34.76% of the share capital); Paul Bulcke and Béatrice Guillaume-Grabisch (linked to Nestlé, holding 20.14% of the share capital).

2.2.1.5 Responsible Directors

Within the scope of French law and the rights and obligations of the Directors as defined in the Internal Rules of L'Oréal's Board of Directors, and in accordance with the AFEP-MEDEF Code, Directors become subject to compliance with the rules in force as regards conflicts of interest and stock market ethics upon their appointment as a Director and throughout the duration of their term of office.

Selection of responsible Directors

Subject to approval from the Annual General Meeting, Directors are appointed following a transparent selection process that determines which Director profiles are required by the Company in terms of the skills, qualifications and experience to complement the skills of the Directors already on the Board. Issues such as candidates' availability, number of directorships held and independence are also taken into consideration (see section 2.2.1.2). Particular attention is also paid to directorships held in other companies. Directors are required to devote the necessary time and attention to their duties and limit how many other directorships they hold, so as to ensure their availability (Article 3.3. of the Internal Rules of the Board).

Upon joining the Board of Directors, each Director receives a copy of the Internal Rules of the Board and L'Oréal's Articles of Association, the Stock Market Code of Ethics, the Code of Ethics, etc. These guidelines have been adopted by the Company and serve as terms of reference for Directors in terms of the standards required by L'Oréal.

Members of the Board of Directors have the necessary objectivity to make independent judgements on the conduct of the Company's business. The balance of powers established within the Board allows its members to exercise independent judgement. The Board comprises:

- the Chief Executive Officer, who directly contributes to the work, discussions and, ultimately, decisions taken by the Board;
- the Chairman of the Board, who is responsible for developing and maintaining a trust-based relationship and regular interaction between the Board and General Management, particularly in view of his expertise in matters of governance and the quality of his discussions with the Chief Executive Officer, which are based on a relationship established over the course of many years;
- Directors from major shareholders that have a specific interest in the long-term performance of the Company;
- seven independent Directors with experience as senior executives of large international groups, whose independence of thought, sense of perspective and freedom of speech enable them to challenge and support General Management in defining the Group's strategy; and
- two Directors representing the employees, with extensive knowledge of the Company (see section 2.2.1.3).

Responsible exercise of office

To maintain a high standard, the Board of Directors, based on the work of the Nominations and Governance Committee, ensures that throughout their entire term of office, Directors are fully able to act in the best interests of the Company, with all the due diligence and care required and subject to strict confidentiality and loyalty obligations.

Directors must keep the Board informed of the directorships they hold in other companies, including any involvement in Board Committees of any French or foreign companies. They are required to notify the Board of any situation that may constitute a conflict of interest, even if such conflict is only potential, and must refrain from participating in any related deliberations.

In addition, all Directors are required to submit an annual declaration regarding potential conflicts of interest between their duties to L'Oréal and their private or professional interests, specifically with regard to other directorships and roles. Any relevant information disclosed in this way is made public. Based on these declarations, the Board of Directors has not identified any conflicts of interest as of their issue date, pursuant to Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 ("Prospectus Regulation").

The Nominations and Governance Committee conducts an annual review of the summary table prepared by the Company of the financial flows that occurred during the financial year between L'Oréal and interested parties, as defined by the regulation, in order to report back to the Board of Directors as part of the regular procedure to evaluate ordinary agreements signed at arms' length terms, pursuant to Article L. 22-10-12 of the French Commercial Code. Where there are doubts on the classification of an agreement, the Committee must verify that transactions are concluded in the ordinary course of business and at arm's length terms, so that the Board of Directors can implement the procedure for related-party agreements where necessary. In this case, any persons directly or indirectly interested in the agreement are recused from the assessment. Similarly, in accordance with the AFEP-MEDEF Code and the recommendations of the French Financial Markets Authority, the Board of Directors, based on the work carried out by the Nominations and Governance Committee, carries out an annual review of any possible business relationships between L'Oréal and companies in which independent Directors hold directorships or hold functions, to ensure these relationships are not material (see section section 2.2.1.4).

Information relating to corporate officers pursuant to Annex 1 of Commission Delegated Regulation (EU) 2019/980

Family relationships between corporate officers (Article 12.1 of the Annex)

Françoise Bettencourt Meyers is the mother of Jean-Victor Meyers and Nicolas Meyers.

Absence of convictions or incrimination of corporate officers (Article 12.1 of the Annex)

To the Company's knowledge, over the last five years, no corporate officers have been convicted of fraud, associated with a bankruptcy, receivership or liquidation, or the subject of any official public incrimination or sanction imposed by statutory or regulatory authorities (including designated professional bodies) or a decision by a court disqualifying them from acting as a member of an administrative, management or supervisory body or from acting in the management or conduct of the business of any issuer.

Potential conflicts of interest between the duties of corporate officers with regard to L'Oréal, and their private interests and/or other duties (Articles 12.2 and 16.3 of the Annex)

The way that the Board is structured and operates, with seven independent Directors, makes it possible, where necessary, to prevent shareholders, acting individually or in concert, from abusing their rights to the detriment of the Company.

Regarding any arrangement or agreement entered into with major shareholders, customers, suppliers or others under which a Director was selected to sit on the Board of Directors, there was an agreement in place between the Bettencourt Meyers family and Nestlé SA (which expired on 21 March 2018) focused on the reciprocal voting commitment in favour of the appointment as Directors of three members proposed by the Bettencourt Meyers family and two members proposed by Nestlé.

The Company was informed of an interest, amounting to 100 shares, of its Chairman, Jean-Paul Agon, in the collective lock-up agreements signed on 16 December 2016 by Téthys SAS and members of the Bettencourt Meyers family group under the Dutreil law. The Nominations and Governance Committee Meeting of 6 December 2016 examined this arrangement prior to the signing of the agreement and considered that it could not be contested on the basis of the Company's best interests, nor could it give rise to consequences for the Company's governance, and informed the Board of Directors accordingly.

The Company was informed that a new collective lock-up agreement was signed on 29 December 2023 under Article 787 B of the French Tax Code, similar to those entered into in 2016 (which were terminated earlier the same date), with the addition of the company Financière L'Arcouest (controlled by Françoise Bettencourt Meyers and her family). The Nominations and Governance Committee Meeting of 6 December 2023 examined this arrangement prior to its signing and confirmed that it could not be contested on the basis of the Company's best interests, nor could it give rise to consequences for the Company's governance, and informed the Board of Directors accordingly.

Information on service contracts with members of the administrative bodies (Article 12.2 of the Annex)

No corporate officers have a service contract with L'Oréal or any of its subsidiaries providing for the granting of benefits upon termination of such contract.

Stock market ethics

The Board took note of the rules to be applied in order to prevent insider trading, in particular those resulting from European Regulation (EU) No. 596/2014 on market abuse, which became applicable on 3 July 2016, and the recommendations of the French Financial Markets Authority, in particular regarding closed periods during which trading in shares is prohibited. It amended its Internal Rules accordingly. Where applicable, Board members are kept informed of any regulatory developments related to insider trading.

On the basis of legal provisions, regulations and market recommendations, L'Oréal's Stock Market Code of Ethics points out that inside information must not be passed on and must only be used for professional purposes.

Inside information is information of a precise nature which has not been made public and which, if made public, would be likely to have a significant impact on the share price.

The Stock Market Code of Ethics sets out the prohibition of any person in possession of inside information from executing or ordering the execution of any financial transactions on L'Oréal shares, and emphasises that any misconduct in this area may result in criminal proceedings. The Internal Rules of the Board specifically request that Directors refrain from trading in L'Oréal shares in certain specific periods and when they have access to inside information.

Directors are required to notify the AMF of each transaction related to L'Oréal shares that they carry out or that are carried out by anyone closely associated with them. The Company periodically reminds those concerned of this obligation (the summary of transactions in section 2.6).

2.2.2 List of corporate offices and directorships of the Directors at 31 December 2024

Jean-Paul Agon

CHAIRMAN OF THE BOARD OF DIRECTORS

Age: 68

French

Expiry date of term of office: 2026

Chairman of the Strategy and Sustainability Committee

Jean-Paul Agon joined the L'Oréal Groupe in 1978. Following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, International Managing Director of Biotherm, General Manager of L'Oréal Germany, General Manager of the Asia Zone, Chairman and Chief Executive Officer of L'Oréal USA, Jean-Paul Agon was appointed as Deputy Chief Executive Officer of L'Oréal in 2005, and then Chief Executive Officer in April 2006, and finally Chairman and Chief Executive Officer in 2011. Since 1 May 2021, Jean-Paul Agon has been the Chairman of the Board of Directors. Jean-Paul Agon has been a Director of L'Oréal since 2006. Jean-Paul Agon is the Chairman of the L'Oréal Corporate Foundation.

- Business address: L'Oréal – 41, rue Martre - 92117 Clichy Cedex – France
- Holds 1,200,000 L'Oréal shares

Other corporate offices and directorships held

Other	
• L'Oréal Corporate Foundation	Chairman of the Board of Directors
• HEC Paris	Chairman of the Board of Directors
• France-China Committee (Comité France Chine - CFC)	Co-Chairman and Member of the Board of Directors
• Société des Amis du Musée d'Art Moderne de Paris	Chairman
• French Association of Private Enterprises (AFEP)	Director
• French Institute of International Relations (IFRI)	Director
• European Round Table for Industry (ERT)	Member
• American Hospital of Paris	Member of the Board of Governors

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
French companies		
• Air Liquide SA	Director	2022
• L'Oréal	Chairman and Chief Executive Officer	2021
Other		
• RaiseSherpas	Director	2024
• HEC Foundation	Member of the Board of Directors	2022
• L'Oréal Fund for Women	Chairman of the Board of Directors	2021

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of General Management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

Nicolas Hieronimus

CHIEF EXECUTIVE OFFICER

Age: 60

French

Expiry date of term of office: 2025

Nicolas Hieronimus joined the L'Oréal Groupe in 1987 and was appointed Marketing Director of Laboratoires Garnier in 1993. After an international career as a General Manager of the Garnier Maybelline Division in the United Kingdom, General Manager in France, then International General Manager of L'Oréal Paris and General Manager of L'Oréal Mexico, Nicolas Hieronimus was appointed as the General Manager of the L'Oréal Professional Products Division and joined the Executive Committee in 2008. In 2011, he was appointed President of L'Oréal Luxe, a role that he held until the end of 2018. In 2013, Nicolas Hieronimus became President of Selective Divisions (Luxe, Active Cosmetics, Professional Products). He was appointed Deputy Chief Executive Officer in charge of Divisions in May 2017. Nicolas Hieronimus was appointed Chief Executive Officer of L'Oréal on 1 May 2021. He has been a Director of L'Oréal since April 2021 and is also Chairman of the L'Oréal Fund for Women and Director of the L'Oréal Corporate Foundation.

- Business address: L'Oréal – 41, rue Martre - 92117 Clichy Cedex – France
- Holds 232,428 L'Oréal shares

Other corporate offices and directorships held

Other

• L'Oréal Fund for Women	Chairman of the Board of Directors
• L'Oréal Corporate Foundation	Director

Corporate offices and directorships held over the last five years that have expired

- None

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of General Management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

Françoise Bettencourt Meyers

—

VICE-CHAIRWOMAN

—

Age: 71

French

Expiry date of term of office: 2025

—

Committee Member:

Strategy and Sustainability

Nominations and Governance

Human Resources and Remuneration

Daughter of Liliane Bettencourt and granddaughter of the founder of L'Oréal, Eugène Schueller, Françoise Bettencourt Meyers has been the Chairwoman of the family-owned holding company Téthys since 31 January 2012, and is the Chairwoman of the Supervisory Board of the investment subsidiary Téthys Invest, Chairwoman of the Bettencourt Schueller Foundation and Honorary Chairwoman of Fondation Pour l'Audition.

Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997 and has been Vice-Chairwoman of the Board of Directors since 2020.

- Business address: Téthys - 27-29, rue des Poissonniers - 92200 Neuilly-sur-Seine - France
- Holds 5,532,455 L'Oréal shares

Other corporate offices and directorships held

French companies	
• Téthys SAS	Chairwoman
	Chairwoman of the Supervisory Board
• Téthys Invest SAS	Chairwoman of the Supervisory Board
• Financière l'Arcouest SAS	Chairwoman
Other	
• Bettencourt Schueller Foundation	Chairwoman of the Board of Directors
• Fondation Pour l'Audition	Honorary Chairwoman and member of the Board of Directors

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
French company		
• Société Immobilière Sebor SAS	Chairwoman	2020

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of General Management
- Knowledge of consumers
- ESG including Governance and Societal engagement

Paul Bulcke

—

VICE-CHAIRMAN

—

Age: 70

Belgian and Swiss

Expiry date of term of office: 2025

—

Committee Member:

Strategy and Sustainability

Nominations and Governance

Human Resources and Remuneration

After pursuing an international career at the highest level within the Nestlé group, holding various positions in Europe and Latin America, in 2004 Paul Bulcke was appointed Executive Vice President and Zone Director for the Americas zone of Nestlé SA before becoming Chief Executive Officer of Nestlé SA from 2008 to 2016. Paul Bulcke has served as the Chairman of the Board of Directors of Nestlé since 2017.

Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017.

- Business address: Nestlé - Avenue Nestlé, 55 - CH 1800 Vevey - Switzerland
- Holds 3,000 L'Oréal shares

Main corporate office held outside L'Oréal		
• Nestlé SA (Switzerland)*	Chairman of the Board of Directors	
Other corporate offices and directorships held		
Other		
• 2030 Water Resources Group (WRG)	Co-Chairman	
• JP Morgan International Council	Member	
• The Avenir Suisse foundation (Switzerland)	Member of the Board of Directors	
• World Economic Forum (WEF)	Member of the Community of Chairpersons	
Corporate offices and directorships held over the last five years that have expired		**Expiry date of term of office:**
Foreign company		
• Roche Holding Ltd (Switzerland)	Member of the Board of Directors	2022
Other		
• European Round Table for Industry (ERT) (Belgium)	Member	2021

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*

Sophie Bellon

Age: 63

French

Expiry date of term of office: 2027

Chairwoman of the Human Resources and Remuneration Committee

Member of the Nominations and Governance Committee

Chairwoman of the Board of Directors and CEO of Sodexo. After a career in finance in the United States, Sophie Bellon joined Sodexo in 1994, where she held various positions, including as the Chief Executive Officer of the Corporate Services business unit of Sodexo France and as Research, Development and Innovation Strategy Manager of Sodexo.

Sophie Bellon has been a Director of L'Oréal since 2015.

- Business address: Sodexo - 255, quai de la Bataille de Stalingrad - 92130 Issy-Les-Moulineaux - France
- Holds 1,043 L'Oréal shares

Main corporate office held outside L'Oréal

• Sodexo*	Chairwoman and Chief Executive Officer

Other corporate offices and directorships held

French company	
• Bellon SAS [S]	Member of the Management Board
Foreign company	
• Pluxee NV* [S] (Netherlands)	Director
Other	
• French Association of Private Enterprises (AFEP)	Member of the Board of Directors
• French Association of Joint Stock Companies (ANSA)	Member of the Board of Directors
• France-China Committee (Comité France Chine - CPC)	Member of the Board of Directors

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
Other		
• PB Holding SAS	Chairwoman	2023
• United Way Alliance (UWA)	Member of the Board of Directors	2021

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*
S *Sodexo group company.*
Pluxee is a company created out of Sodexo's spin-off of its Benefits and Rewards Services business at the beginning of 2024, and a large proportion of its capital is held by Bellon SA.

Patrice Caine

Age: 54

French

Expiry date of term of office: 2026

Chairman of the Nominations and Governance Committee

Member of the Strategy and Sustainability Committee

Chairman and Chief Executive Officer of the Thales group since December 2014, after holding management positions in various operating units (Air and Naval, Communication, Navigation and Identification, *Air Systems*, Radio-Communication Products, Network and Infrastructure Systems and Protection Systems) from 2002 to 2013.

Patrice Caine has been a Director of L'Oréal since 2018.

- Business address: Thales - 4, rue de la Verrerie - 92190 Meudon
- Holds 1,000 L'Oréal shares

Main corporate office held outside L'Oréal

• Thales*	Chairman and Chief Executive Officer

Other corporate offices and directorships held

French company

• Naval Group (formerly DCNS)	Director

Other

• National Association for Research and Technology (ANRT)	Chairman
• France Industrie (created out of the merger between Cercle de l'Industrie and Industrial Federations Group)	Vice-Chairman
• French Aerospace and Defense Industries Association (GIFAS)	Vice-Chairman

Corporate offices and directorships held over the last five years that have expired

- None

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- International profile
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*

Fabienne Dulac

Age: 57

French

Expiry date of term of office: 2027

Committee Member:

Audit

Human Resources and Remuneration

Fabienne Dulac has been Deputy Chief Executive Officer and a member of the Executive Committee at Emeis since October 2023, after a 26-year career at Orange where she served as Chief Executive Officer of Orange France from 2015 to 2023, then Chief Transformation Officer of Orange group and Chairwoman of Orange Business.

Fabienne Dulac has been a Director of L'Oréal since 2019.

She is also a Director of the company La Française des Jeux.

- Business address: Emeis – 12, rue Jean Jaurès – 92800 Puteaux – France
- Holds 500 L'Oréal shares

Main corporate office held outside L'Oréal

• Emeis*	Deputy Chief Executive Officer

Other corporate offices and directorships held

French company	
• La Française des Jeux*	Director

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
French companies		
• Orange	Executive Vice President of Transformation, Orange group - Chairwoman of Orange Business	2023
• Orange France	Chief Executive Officer	2023
• Orange	Deputy Chief Executive Officer	2023
• Orange Bank	Member of the Board of Directors	2020
Other		
• Willa	Member of the Board of Directors	2023

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance

* *Listed company.*

Béatrice Guillaume-Grabisch

Age: 60

French

Expiry date of term of office: 2028

Member of the Audit Committee

HR/IT & International Business Services Director in charge of special projects for the Nestlé group, which she joined in 2013 after a career in various consumer goods groups (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal and The Coca-Cola Company). Within the Nestlé group, she previously held the positions of Chief Executive Officer of Nestlé Germany until December 2018, then Group Executive Vice President and Global Head of Human Resources and Business Services until December 2024.

Béatrice Guillaume-Grabisch has been a Director of L'Oréal since 2016.

- Business address: Nestlé - Avenue Nestlé, 55 - CH 1800 Vevey - Switzerland
- Holds 1,830 L'Oréal shares

Main corporate office held outside L'Oréal

• Nestlé SA (Switzerland)* (since 1 January 2025)	HR/IT & International Business Services Director in charge of special projects

Other corporate offices and directorships held

Other

• GS1	Director

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
Foreign company		
• Nestlé SA (Switzerland)	Executive Vice President and Global Head, Human Resources and Business Services	2024

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Experience of General Management
- International profile
- Knowledge of consumers
- Financial expertise
- Research & Innovation/Industrial expertise
- HR/employee relations

* *Listed company.*

Thierry Hamel

Age: 70

French

Expiry date of term of office: 2026

Member of the Human Resources and Remuneration Committee

Thierry Hamel joined the L'Oréal Groupe in 1979 and has spent a large part of his career in the Professional Products Division, where he serves as Project Manager – Sales Excellence, Onboarding and Training for the sales functions of the Professional Products Division in France.

In April 2022, Thierry Hamel was appointed as a Director representing the employees by CFE-CGC for a four-year term.

- Business address: L'Oréal – 41, rue Martre - 92117 Clichy Cedex – France

Other corporate offices and directorships held

- None

Corporate offices and directorships held over the last five years that have expired

- None

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- HR/employee relations

Ilham Kadri

—

Age: 55

French and Moroccan

Expiry date of term of office: 2028

—

Member of the Audit Committee

Ilham Kadri is Chief Executive Officer of Syensqo, an international speciality chemicals group focused on innovation and sustainability formed from the spin-off of the Solvay group in December 2023. Until that date, she was Chief Executive Officer of the Solvay group and chaired its Executive Committee from 2019.

She was previously Chairwoman and Chief Executive Officer of the American company Diversey, having held responsibilities in research and development, sales, marketing, strategy, business management and digital in leading industrial companies (Shell, UCB, Dow, Sealed Air, etc.). She is also a Director of A.O. Smith Corporation.

Ilham Kadri has been a Director of L'Oréal since 2020.

- Business address: Syensqo - 98, rue de la Fusée - 1120 Brussels - Belgium
- Holds 250 L'Oréal shares

Main corporate office held outside L'Oréal

• Syensqo*	Chief Executive Officer

Other corporate offices and directorships held

Foreign company	
• A.O. Smith Corporation*	Member of the Board of Directors
Other	
• Brussels University Hospital	Director
• European Round Table (ERT)	Vice-Chairwoman

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
Foreign company		
• Solvay (Belgium) *	Chief Executive Officer and Chairwoman of the Executive Committee Member of the Board of Directors	2023

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- International profile
- Financial expertise
- Research & Innovation/Industrial expertise
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*

Jean-Victor Meyers

Age: 38

French

Expiry date of term of office: 2028

Member of the Strategy and Sustainability Committee

Member of the Supervisory Board of the family-owned holding company Téthys since January 2011 and member of the Supervisory Board of the investment subsidiary Téthys Invest.

Jean-Victor Meyers has been a Director of L'Oréal since 2012.

- Business address: Téthys - 27-29, rue des Poissonniers - 92200 Neuilly-sur-Seine - France
- Holds 1,500 L'Oréal shares

Other corporate offices and directorships held

French companies	
• Téthys SAS	Member of the Supervisory Board
• Téthys Invest SAS	Member of the Supervisory Board
• Orsay Holding SAS	Chairman

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
French company		
• Exemplaire SAS	Chairman	2022

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- ESG including Governance

Nicolas Meyers

Age: 36

French

Expiry date of term of office: 2028

Member of the Audit Committee

Member of the Supervisory Board of the family-owned holding company Téthys since 2011, member of the Supervisory Board of the investment subsidiary Téthys Invest since 2016, and Director of the Bettencourt Schueller Foundation since 2012.

Nicolas Meyers has been a Director of L'Oréal since 2020.

- Business address: Téthys - 27-29, rue des Poissonniers - 92200 Neuilly-sur-Seine - France
- Holds 1,500 L'Oréal shares

Other corporate offices and directorships held

French companies	
• Téthys SAS	Member of the Supervisory Board
• Téthys Invest SAS	Member of the Supervisory Board
• Lille Capital SAS	Chairman
Other	
• Bettencourt Schueller Foundation	Member of the Board of Directors

Corporate offices and directorships held over the last five years that have expired

- None

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- ESG including Governance and Societal engagement

Virginie Morgon

Age: 55

French

Expiry date of term of office: 2025

Chairwoman of the Audit Committee

Virginie Morgon is Founder and Managing Partner of Ardabelle Capital, an investment fund dedicated to driving the transition to a sustainable economy. Until that date, she was Chairwoman of the Management Board of Eurazeo from 2008 to February 2023, after 16 years at Lazard. She is also Co-Chair of the Paris Committee of the Human Rights Watch.

Virginie Morgon has been a Director of L'Oréal since 2013.

- Business address: 41, rue Martre – 92117 Clichy Cedex – France
- Holds 2,070 L'Oréal shares

Main corporate office held outside L'Oréal

• Ardabelle Capital	Founder and Managing Partner

Other corporate offices and directorships held

French companies	
• Les Méliades	Chairwoman
• Jarnew	Chairwoman
Other	
• Human Rights Watch	Co-Chair of the Paris Committee

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
French companies		
• Eurazeo	Chairwoman of the Executive Board	2023
• Eurazeo Investment Manager	Chairwoman of the Board of Directors	2023
• Eurazeo Mid Cap	Chairwoman of the Board of Directors	2023
• Doctolib	Member of the Supervisory Committee	2023
• Idinvest Partners	Chairwoman of the Supervisory Board	2021
Foreign companies		
• Alpine Newco Inc. (USA)	Chairwoman	2023
• Eurazeo North America Inc. (USA)	Chairwoman	2023
• Moncler S.p.A. (Italy)	Member of the Board of Directors	2022
Other		
• Eurazeo endowment fund	Chairwoman of the Board of Directors	2023

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- International profile
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

Alexandre Ricard

Age: 52

French

Expiry date of term of office: 2025

Committee Member:

Strategy and Sustainability Committee

Human Resources and Remuneration Committee

Alexandre Ricard has been Chairman and Chief Executive Officer of Pernod Ricard since February 2015. He joined Pernod Ricard in 2003 after seven years as a strategy consultant at Accenture and as an M&A consultant at Morgan Stanley. In 2004, he was appointed Director of Finance and Administration of Irish Distillers, and then in 2006, Chief Executive Officer of Pernod Ricard Asia Duty Free. In 2008, he was appointed Chairman and Chief Executive Officer of Irish Distillers and joined the Executive Committee of Pernod Ricard. In 2011, he joined Pernod Ricard's General Management as Managing Director in charge of the Distribution Network, before being appointed Deputy Chief Executive Officer in 2012.

Alexandre Ricard has been a Director of L'Oréal since 2021.

- Business address: Pernod Ricard - 5, cours Paul Ricard - 75008 Paris - France
- Holds 500 L'Oréal shares

Main corporate office held outside L'Oréal

• Pernod Ricard*	Chairman and Chief Executive Officer

Other corporate offices and directorships held

French companies	
• Martell & Co SA PR	Director
• Société Paul Ricard	Director
• Le Delos Invest I	Director
• Le Delos Invest II	Director
Foreign companies	
• Suntory Allied Limited (Japan) PR	Chairman
• Geo G. Sandeman Sons & Co. Ltd (United Kingdom) PR	Director
• Havana Club International SA (Cuba) PR	Member of the Board of Directors (*Junta de Accionistas*)
• Bendor SA (Luxembourg)	Director

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
French company		
• Pernod Ricard Europe, Middle East and Africa PR	Member of the Supervisory Committee	2023

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- International profile
- Knowledge of consumers
- Financial expertise
- Digital/New Technologies/Retail/E-Commerce
- HR/employee relations
- ESG including Governance and Development of an ESG strategy for an international group

* *Listed company.*
PR *Pernod Ricard Group company.*

Jacques Ripoll

—

Age: 58

French

Expiry date of term of office: 2028

—

Member of the Audit Committee

Jacques Ripoll has been a member of the Supervisory Board of Eren Groupe since 2022 and has spent a large part of his career in banking and finance. At Société Générale from 1991 to 2013, he then joined Banco Santander as Chief Executive Officer responsible for investment banking. In 2018, he was appointed Deputy Chief Executive Officer of Crédit Agricole in charge of the "Key accounts" division. In 2022, he joined Eren Group, which puts technological innovation to the service of the natural resources economy by supporting entrepreneurs developing innovative technological solutions to help advance the transition to clean energy.

Jacques Ripoll is also a Director of the CMA CGM Group.

- Business address: 37 Rue La Pérouse – 75116 Paris – France
- Holds 125 L'Oréal shares

Main corporate office held outside L'Oréal

• Eren Groupe SA (Luxembourg)	Member of the Supervisory Board

Other corporate offices and directorships held

French companies

• Aiden	Chairman
• Accenta[1]	Chief Executive Officer
• Accenta Holding[1]	Chairman of the Board of Directors
• CMA CGM	Director

Other

• The Alice Ripoll Foundation	Chairman

Corporate offices and directorships held over the last five years that have expired		Expiry date of term of office:
French companies		
• Crédit Agricole SA	Deputy Chief Executive Officer	2022
• Crédit Agricole CIB	Chief Executive Officer	2022
• CACEIS	President of the Board of Directors	2022
• IDIA	President of the Board of Directors	2022

Skills related to L'Oréal's strategy and development objectives

- Experience of General Management
- Financial expertise
- Research & Innovation/Industrial expertise
- ESG including Environment and Governance
- International profile
- Digital/New Technologies/Retail/E-Commerce
- HR/employee relations

(1) *Subsidiary or shareholding of Eren Groupe (held alone or in concert with other shareholders).*

Benny de Vlieger

Age: 60

Belgian

Expiry date of term of office: 2026

Member of the Audit Committee

Having previously worked at Delhaize group, Benny de Vlieger joined L'Oréal Belgium in 1989. He is a Sales Representative for the Consumer Products Division in Belgium.

In April 2022, Benny de Vlieger was appointed Director representing employees by L'Oréal's European Works Council for a four-year term.

- Business address: L'Oréal – 41, rue Martre - 92117 Clichy Cedex – France

Other corporate offices and directorships held

- None

Corporate offices and directorships held over the last five years that have expired

- None

Skills related to L'Oréal's strategy and development objectives

- Knowledge of the cosmetics sector and of L'Oréal
- Knowledge of consumers
- HR/employee relations
- Financial expertise

2.2.3 Changes in directorships and corporate offices

Changes in 2024

1. Appointment of Jacques Ripoll as a Director

The Annual General Meeting of 23 April 2024 appointed Jacques Ripoll as a Director for a four-year term.

Jacques Ripoll has spent a large part of his career in banking and finance (Société Générale, Banco Santander and Crédit Agricole). Since 2022, he has been a member of the Supervisory Board of Eren Group, whose main purpose is to support entrepreneurs in developing innovative technological solutions for the energy transition (carbon-free renewable energy production, energy-saving initiatives and energy storage).

Beyond the renown financial skills that he developed over the course of his career in banking, Jacques Ripoll brings to the Board his strategic vision on innovation, his expertise in new technologies contributing to fighting climate change and his commitment to sustainability.

2. Re-appointment of four Directors: Béatrice Guillaume-Grabisch, Ilham Kadri, Jean-Victor Meyers and Nicolas Meyers

- **Re-appointment of Béatrice Guillaume-Grabisch as a Director**

The Annual General Meeting of 23 April 2024 re-appointed Béatrice Guillaume-Grabisch as a Director for a four-year term. The Board of Directors can rely on her deep involvement in the work of the Audit Committee and the Board, to which she brings her experience of general management, knowledge of international markets and consumers, as well as skills in managing IT and Shared Services Centres transformation and expertise in Human Resources.

- **Re-appointment of Ilham Kadri as a Director**

The Annual General Meeting of 23 April 2024 re-appointed Ilham Kadri as a Director for a four-year term. Ilham Kadri brings to the Board a deep sense of commitment, her executive leadership experience in major international companies in the United States, Europe, the Middle East, Africa and Asia, her expertise in the transformational changes shaping industry, and her strategic vision centred on innovation and sustainability, as well as her particular focus on inclusion and diversity.

The Board of Directors noted that Ilham Kadri's re-appointment as a Director was approved by 88.44% of the shareholders at the aforementioned Annual General Meeting. In this context, the Board acknowledges the very high level of diligence and commitment shown by this Director during her first term of office, with a 97% attendance rate at Board meetings. The Board will continue to monitor the availability of its Directors, particularly those who hold other offices in listed companies.

- **Re-appointment of Jean-Victor Meyers as a Director**

The Annual General Meeting of 23 April 2024 re-appointed Jean-Victor Meyers as a Director for a four-year term. Jean-Victor Meyers brings to the Board his commitment and involvement in the work of the Board and its Committees, his strong connection to the Group and his vision of L'Oréal's long-term development.

- **Re-appointment Nicolas Meyers as a Director**

The Annual General Meeting of 23 April 2024 re-appointed Nicolas Meyers as a Director for a four-year term. Nicolas Meyers brings to the Board his active involvement in the work of the Board and its Committees as part of L'Oréal's long-term business development, as well as his strong connection to the Group, his keen interest in new technologies and social commitment.

Changes in 2025

1. Non-renewal of Directors’ terms of office

- **Non-renewal of the term of office of Françoise Bettencourt Meyers as a Director**

The tenure of Françoise Bettencourt Meyers, a Director of L’Oréal since 1997, Vice-Chairwoman of the Board of Directors since 2020, and a member of the Strategy and Sustainability, Nominations and Governance, Human Resources and Remuneration Committees, expires at the end of this Annual General Meeting.

Françoise Bettencourt Meyers has informed the Board of Directors that she would not request the renewal of her tenure as Director. After 28 years on the Board, she has expressed her desire to ensure the continuity of the Bettencourt Meyers family's commitment to L'Oréal by proposing that the family-owned holding company Téthys join the Board of Directors alongside her two sons, Jean-Victor Meyers and Nicolas Meyers.

Jean-Paul Agon, on behalf of the Board of Directors, warmly thanked Françoise Bettencourt Meyers for her outstanding contribution to L’Oréal’s success for nearly three decades, her unwavering commitment, and her constant support to the Group. A guardian of its founding values, she played an essential role in the Group's strategic transformations through her consistently insightful guidance. The Board praised the strong and lasting tie that unites the Bettencourt Meyers family with L'Oréal, which represents an invaluable asset for the Group, both through the presence of Jean-Victor Meyers and Nicolas Meyers, as well as the forthcoming presence of the company Téthys.

To replace Françoise Bettencourt Meyers as Vice-Chair of the Board of Directors, the Bettencourt Meyers family proposed the appointment of Jean-Victor Meyers following the Annual General Meeting of 29 April 2025, which the Board of Directors unanimously approved. Paul Bulcke is also Vice-Chair.

- **Non-renewal of the term of office of Virginie Morgon as a Director**

  The tenure of Virginie Morgon, a Director of L'Oréal since 2013, and Chairwoman of the Audit Committee since 2016, expires at the end of this Annual General Meeting. After 12 years on the Board, her term will not be submitted for renewal. The Board wished to highlight Virginie Morgon's contributions to the work of the Board and the Audit Committee, particularly her financial expertise. Virginie Morgon has brought to the Board her keen interest in innovation and her constant attention to new consumer trends. The Board thanked her for her commitment and her pro-active involvement in developing a sustainable business model underpinned by economic, environmental and social excellence.

2. Appointment of three new Directors[1]: Téthys, Isabelle Seillier and Aurélie Jean

- **Appointment of the company Téthys as a Director**

  Upon the proposal of Françoise Bettencourt Meyers and her family, and upon the recommendation of the Nominations and Governance Committee, the Board of Directors will propose to the Annual General Meeting the appointment of Téthys as a Director for a four-year term.

  Téthys, the Bettencourt Meyers family's holding company and the largest shareholder of L'Oréal, is chaired by Françoise Bettencourt Meyers. If the Annual General Meeting approves the appointment of Téthys as a Director, Téthys would designate Alexandre Benais, Deputy Chief Executive Officer of Téthys, as its representative. Alexandre Benais will bring to the Board of Directors his recognised financial expertise and long-term strategic vision.

- **Appointment of Isabelle Seillier as a Director**

  The Board of Directors, on the recommendation of the Nominations and Governance Committee, will propose to the Annual General Meeting the appointment of Isabelle Seillier as an independent Director, for a period of four years.

  Isabelle Seillier, 65, has been Vice-Chairwoman of the Supervisory Board of the Fondation pour la Recherche Médicale (FRM, French Foundation for Medical Research) since May 2024.

  After spending the first six years of her career with Société Générale, in 1993 she joined JP Morgan, where she worked until early 2024. During her time with JP Morgan she held various leadership roles within the group's business lines and geographical regions before being appointed Chairwoman of Investment Banking. In 2008, she became the Chairwoman for France and North Africa, and in 2016 she was appointed Vice-Chairwoman of Investment Banking for Europe, the Middle East and Africa. In 2019, she took up the position of Chairwoman of Investment Banking, serving in this post until January 2024.

  Isabelle Seillier will bring to the Board her recognised financial expertise, her ability to develop a strategic vision in support of sustainable growth, as well as her deep knowledge of the economic environment across several geographical regions. She will also bring her ability to seize new consumer trends, her experience of governance, and her commitment to social responsibility.

- **Appointment of Aurélie Jean as a Director**

  The Board of Directors, on the recommendation of the Nominations and Governance Committee, will propose to the Annual General Meeting the appointment of Aurélie Jean as an independent Director, for a period of four years.

  Aurélie Jean, 42, has a doctorate in science, is a graduate of Sorbonne University, ENS Paris Saclay and Mines ParisTech, and trained at the Massachusetts Institute of Technology (MIT).

  After holding several posts in applied digital sciences (Michelin, MIT, ParaSim – where she worked on a virtual-reality-based simulator – and Bloomberg), in 2016 she founded In Silico Veritas, an algorithmic and data development and consulting company, where she is Chief Executive Officer. In 2023, she co-founded INFRA, a start-up that uses artificial intelligence to detect breast cancer at an early stage, where she serves as Chief Artificial Intelligence Officer and Co-CEO.

  Aurélie Jean works in France and the United States, and is very actively involved in science and applied research. She also contributes to scientific and general journals and other publications and is committed to diversity and inclusion.

  Aurélie Jean will bring to the Board of Directors her recognised expertise in digital and new technologies, particularly in the field of artificial intelligence, as well as in the areas of research and innovation. She will also bring an entrepreneurial mindset, her experience of the North American market and her commitment to diversity and inclusion.

(1) *Subject to the approval of the Annual General Meeting on 29 April 2025.*

3. Re-appointment of three Directors[1]: Nicolas Hieronimus, Paul Bulcke and Alexandre Ricard

- **Re-appointment of Nicolas Hieronimus as a Director**

  As the term of office of Nicolas Hieronimus as a Director is set to expire, the renewal of his term of office for four years is submitted to the Annual General Meeting.

  Nicolas Hieronimus has been a Director of L'Oréal since April 2021. He has held the post of Chief Executive Officer of L'Oréal since 1 May 2021 and is also Chairman of the L'Oréal Fund for Women and Director of the L'Oréal Corporate Foundation.

  Nicolas Hieronimus joined the L'Oréal Groupe in 1987 and was appointed Marketing Director of Laboratoires Garnier in 1993. After an international career as General Manager of the Garnier Maybelline Division in the United Kingdom, General Manager France, then International General Manager of L'Oréal Paris and General Manager of L'Oréal Mexico, Nicolas Hieronimus was appointed as General Manager of the L'Oréal Professional Products Division and joined the Executive Committee in 2008. In 2011, he was appointed President of L'Oréal Luxe, a role that he held until the end of 2018. In 2013, Nicolas Hieronimus became President of Selective Divisions (Luxe, Active Cosmetics, Professional Products). He was appointed Deputy Chief Executive Officer in charge of Divisions in May 2017.

  The Board considers it essential for the Chief Executive Officer to take part in Board discussions. Nicolas Hieronimus offers expertise in the cosmetics market, an intimate knowledge of L'Oréal and a vision of the future of Beauty, all of which will help the Group to implement future strategic priorities, take advantage of all the opportunities available in an ever-changing world and adapt and reinvent the Group, all while keeping with its values, commitments and Sense of Purpose to "Create the beauty that moves the world". He also brings to the Board his extensive experience in corporate governance and ESG strategy, as well as in-depth knowledge of the digital sector and new technologies.

  Over his last four years as a Director, Nicolas Hieronimus' attendance rate at Board meetings has been 100%.

- **Re-appointment of Paul Bulcke as a Director**

  As Paul Bulcke's term of office as a Director is set to expire, his re-appointment for a further four-year term will be submitted to the Annual General Meeting.

  Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017. Paul Bulcke is the Vice-Chairman of the Board of Directors, and is a member of the Strategy and Sustainability Committee, the Nominations and Governance Committee and the Human Resources and Remuneration Committee.

  A Belgian and Swiss national, he has pursued an international career at the highest level within the Nestlé group. After holding various positions in Europe and Latin America, in 2004, he was appointed Executive Vice President and Zone Director for the Americas zone of Nestlé SA before becoming Chief Executive Officer of Nestlé SA from 2008 to 2016. Paul Bulcke has served as the Chairman of the Board of Directors of Nestlé since 2017.

  Paul Bulcke brings to the Board his strategic vision, multicultural approach, in-depth knowledge of consumers on every continent and flair for innovation, all of which are invaluable assets for furthering L'Oréal's strategy. He also offers his industrial expertise, knowledge of new technologies and command of ESG strategy issues for a major international group.

  Over his last four years as a Director, Paul Bulcke's attendance rate has been 94%[2] at meetings of the Board of Directors and 100% at meetings of the Strategy and Sustainability Committee, the Nominations and Governance Committee and the Human Resources and Remuneration Committee.

- **Re-appointment of Alexandre Ricard as a Director**

  As Alexandre Ricard's term of office as a Director is set to expire, his re-appointment for a further four-year term will be submitted to the Annual General Meeting.

  Alexandre Ricard has been a Director of L'Oréal since 2021 and is a member of the Strategy and Sustainability Committee and Human Resources and Remuneration Committee.

  Alexandre Ricard has been Chairman and Chief Executive Officer of Pernod Ricard since February 2015. He joined Pernod Ricard in 2003 after seven years as a strategy consultant at Accenture and as a M&A consultant at Morgan Stanley. In 2004, he was appointed Director of Finance and Administration of Irish Distillers, and then in September 2006, Chief Executive Officer of Pernod Ricard Asia Duty Free. In 2008, Alexandre Ricard was appointed Chairman and Chief Executive Officer of Irish Distillers and joined the Executive Committee of Pernod Ricard. In 2011, he joined Pernod Ricard's General Management as Managing Director, Distribution Network, before being appointed Deputy Chief Executive Officer in 2012 then Chairman and Chief Executive Officer in 2015.

  Alexandre Ricard brings to the Board his extensive experience leading a major international company, his strategic vision and his entrepreneurial spirit. He also brings in-depth knowledge of consumers and command of finance, corporate governance and ESG strategy for a major international group, as well as digital expertise, particularly on the Asian and American markets.

  Over his last four years as a Director, Alexandre Ricard's attendance rate has been 100% at both meetings of the Board of Directors and meetings of the Strategy and Sustainability Committee and the Human Resources and Remuneration Committee.

(1) Subject to the approval of the updates to these terms by the Annual General Meeting on 29 April 2025.

(2) Excluding the special meeting of the Board of Directors on 5 November 2021, which Paul Bulcke abstained from participating as it related to L'Oréal's Nestlé share buyback.

2.3 Organisation and modus operandi of the Board of Directors

2.3.1 General information on the meetings of the Board of Directors and its Committees in 2024

The Board met seven times in 2024.

Four Committees prepare discussions and meetings on behalf of the Board. 21 meetings were held in 2024:

- 6 Strategy and Sustainability Committee meetings;
- 5 Audit Committee meetings;
- 5 Nominations and Governance Committee meetings; and
- 5 Human Resources and Remuneration Committee meetings.

Directors may freely and independently propose any subject that is linked to good governance to be included on the agenda of Board and Committee meetings. L'Oréal's Directors are regularly informed of all the Company's activities and its performances in a highly competitive environment. Board meetings are generally held with senior managers of the Company in attendance, who are invited to attend based on topical developments at L'Oréal and a range of issues related to its strategy. In an open, constructive dialogue in a trustful environment, exchanges of views contribute to the quality of the Directors' work. Board discussions, encouraged by the Chairman, take place transparently and in great detail.

Executive sessions

Directors meet at least once a year without the executive corporate officer, Directors representing the employees or any other Group employees attending (Article 4.2 of the Internal Rules). An executive session was held in December 2024. The Chairman of the Board attended the start of this meeting to present his annual activity report as Chairman of the Board, after which the executive session continued without his attendance. The Audit Committee also meets twice a year, with the presence of the Statutory Auditors and without any representatives from General Management, at the close of the meetings dedicated to reviewing the annual and interim financial statements.

Attendance rate

Preparing and holding Board and Committee meetings requires significant availability and commitment from Directors. In 2024, the attendance rate at Board meetings was 99.2% on average. The individual attendance rate at Board and Committee meetings is specified below. The allocation of Directors' fees, based on the attendance rate of each member at Board meetings and various Committee meetings, is described in section 2.4.

INDIVIDUAL ATTENDANCE RATES OF DIRECTORS IN 2024 AT BOARD AND COMMITTEE MEETINGS

	Board of Directors	Committees			
		Strategy and Sustainability	Audit	Nominations and Governance	Human Resources and Remuneration
	7 meetings	*6 meetings*	*5 meetings*	*5 meetings*	*5 meetings*
Jean-Paul Agon	100%	100%			
Nicolas Hieronimus	100%				
Françoise Bettencourt Meyers	100%	100%		100%	100%
Paul Bulcke	100%	100%		100%	100%
Sophie Bellon	100%			100%	100%
Patrice Caine	100%	100%		100%	
Fabienne Dulac	100%		100%		80%
Belén Garijo*	100%				0%
Béatrice Guillaume-Grabisch	100%		100%		
Thierry Hamel	100%				100%
Ilham Kadri	86%		100%		
Jean-Victor Meyers	100%	100%			
Nicolas Meyers	100%		100%		
Virginie Morgon	100%		100%		
Alexandre Ricard	100%	100%			
Jacques Ripoll**	100%		100%		
Benny de Vlieger	100%		100%		
2024 AVERAGE	**99.2%**	**100%**	**100%**	**100%**	**82.9%**

* *Belén Garijo stepped down from the Board at the close of the 23 April 2024 Annual General Meeting. She was unable to attend two meetings of the Committee of which she was a member in 2024.*

** *Jacques Ripoll joined the Board and the Audit Committee at the close of the 23 April 2024 Annual General Meeting.*

2.3.2 Activities of the Board of Directors

Each year, the Board of Directors defines L'Oréal's strategic priorities, which integrate the challenges of climate change and, more generally, the issues of sustainability, ethics and L'Oréal's Sense of Purpose to "Create the beauty that moves the world". The Board ensures these strategic priorities are implemented, in accordance with the best interests of the Company, taking the social and environmental challenges of its business activity into consideration.

The Group's economic and financial position and cash position are reviewed at Board meetings at least twice a year, when the annual financial statements are approved and when the interim financial statements are reviewed, or at any other time it is necessary to do so.

All of the four Board Committees set up by the Board of Directors to work on topics falling within their field of expertise are involved in defining and monitoring the strategy.

The Committees' work is systematically presented at Board meetings through reports delivered by the Chair of each Committee.

The work of the Board of Directors is governed by its Internal Rules, These Internal Rules are reproduced in full in this document, which is available on the loreal-finance.com website. The Internal Rules are regularly updated by the Board of Directors in order to take account of changes in laws and regulations, best corporate governance practices and L'Oréal's own *modus operandi*, particularly within the scope of the annual assessment of its work.

The composition of L'Oréal's Board of Directors, the rules it is subject to, its *modus operandi* and the work that it has carried out over the year are reviewed annually by the Directors, and, alongside any decisions made by the Board, can be found in more detail in sections 2.2. and 2.3.

The Board's work in 2024

Composition as of 31 December 2024	Independence ◆	Number of meetings in 2024	Attendance rate	Board Committees
16 Directors	50%	7	99.2%	4

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors. Excluding Directors representing the employees, in accordance with the AFEP-MEDEF Code.*

Timetables and agendas are prepared so as to cover all of the subjects within the Board's remit and to respond to issues raised by the Directors in the annual assessment on the Board's operation.

The Chair of each Committee keeps the Board of Directors consistently informed on the work done by the Committees, and the Board bases its decisions on their recommendations.

2024 main activities

Corporate governance

Composition of the Board of Directors:

- Work on the Board's proposal put forward at the 23 April 2024 Annual General Meeting to re-appoint Béatrice Guillaume-Grabisch, Ilham Kadri, Jean-Victor Meyers and Nicolas Meyers as Directors; and
- Proposal for the Annual General Meeting to appoint a new director – Jacques Ripoll.

Composition of the Committees:

- Review of the composition of the Committees: Jacques Ripoll joined the Audit Committee.

Assessment of the operation and organisation of the Board:

- Definition of the strategic topics on which the Board wishes to focus in 2024; and
- Proposals for improvement.

Organisation of an executive session:

- A meeting of Directors in the absence of any executive corporate officers, Directors representing the employees or other Group employees;
- As the introduction to the executive session: presentation by Jean-Paul Agon of his report on his activity as Chairman of the Board in 2024 (meeting continued in his absence).

Dialogue with shareholders and investors:

- Information and discussion about the expectations and positions of the main investors and proxy advisors, as expressed during meetings with the Company's departments responsible for preparing for the Annual General Meeting;
- Information and discussion about the assessment of "shareholder relations": roadshows, conferences, events and meetings on specific topics, particularly CSR issues;
- Information and discussion about variations in investor expectations before and after the publication of results; and
- Responses to written questions put forward by shareholders prior to the Annual General Meeting.

Review of current agreements and the independence of Directors

Remuneration policy, Human Resources and gender balance within the management bodies

- Discussion of the 2024 remuneration policy for corporate officers, including the Chairman of the Board of Directors and the Chief Executive Officer;
- Determination of 2023 remuneration for corporate officers and evaluation of the Chief Executive Officer's performance;
- Adoption of the Performance Share Plan (ACAs) of 10 October 2024;
- Review of the fourth Employee Shareholding Plan;
- Information and discussion on the Group's Human Resources policy, including the remuneration policy, diversity and gender balance policy, professional gender equality, talent retention and L'Oréal's attractiveness as an employer, transformation of working methods, social responsibility, value sharing, Pulse results and the internal employee satisfaction survey; and
- Maintaining the target gender balance within strategic positions (60/40).

Business activity, results and strategy

- Overview of the Group's economic and financial management;
- Setting strategic priorities that take social and environmental needs into consideration;
- Systematic review at each meeting of the Group's activities and results (net sales generated by division, by geographic zone, by brand and through e-commerce) and of changes in the cosmetics market, the results of competitors and the Group's relative positioning;
- Analysis of acquisition projects;
- **Strategic themes** reviewed by the Board in 2024, with presentations by the senior executives at L'Oréal responsible for these issues, followed by discussions:
  - Consumer Products Division;
  - Risk mapping;
  - CSR (including progress report on the L'Oréal for the Future programme and the net zero strategy);
  - Ethics policy;
  - Human Resources policy;
  - Digital (including artificial intelligence); and
  - Cybersecurity (see below).
- Issues addressed at the annual **Strategic Seminar in June 2024**, with presentations from external experts and L'Oréal senior executives who are responsible for these issues, followed by discussions:
  - L'Oréal Dermatological Beauty Division;
  - Regulatory risks; and
  - Artificial Intelligence (see below).

Artificial intelligence and cybersecurity

- At the **2024 Strategic Seminar**, the Directors were given a presentation and debate on artificial intelligence, giving them greater insight into the strategic implications of AI in key areas (Research & Innovation marketing and HR, at a time when L'Oréal GPT is being made available to Group employees trained in how to use it).
- As part of its duties, the Board of Directors reviewed the Group's cybersecurity initiatives in light of a presentation on **cybersecurity** by the Deputy Chief Executive Officer in charge of Research & Innovation, and Technology, the Group Chief IT Officer and the Chief Information Officer, followed by a discussion with the Directors. The presentation provided an overview of general cybersecurity issues across the world before going on to explain L'Oréal's cybersecurity strategy.
- As part of a **training** session on business ethics organised for the Directors during the year, they were given a presentation on how AI is put into practice at L'Oréal. The topics covered, which included the Group's Responsible Framework for AI, served to deepen the Board's discussions on security and reliability, data protection, non-discrimination and equality, and sustainability. The Group's overall approach to business ethics, including in relation to internal governance, processes and training, was presented during this training session.

2.3.3 Activities of the Board Committees

The Board's debates and decisions are supported by the work performed by its Committees, which report to it after each of their meetings. The remits of each Committee are described in detail in the Internal Rules of the Board of Directors. The Board's Committees act strictly within the framework of the remits given to them by the Board. They actively support the Board and make proposals, but they do not have any decision-making powers. All Directors who are members of a Committee participate in Committee meetings with complete freedom of judgement and act in the interest of all the shareholders. In 2024, the Committees were again tasked with discussions on behalf of the Board. The composition of these Committees, their remits and their work in 2024 are described below. This information also includes the responsibilities of each Committee regarding sustainability, which are summarised in section 2.3.4.

Strategy and Sustainability Committee

Composition as of 31 December 2024	Independence	Number of meetings in 2024	Attendance (average 100%)	Date of appointment to the Committee
Jean-Paul Agon (Chairman)		6	100%	2011
Françoise Bettencourt Meyers			100%	2012
Paul Bulcke			100%	2017
Patrice Caine	◆		100%	2020
Jean-Victor Meyers			100%	2020
Alexandre Ricard	◆		100%	2022

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors.*

It is specified that two members are members of the Bettencourt Meyers family and one member is linked to Nestlé.

An update on the latest CSR initiatives is presented at each meeting by L'Oréal's Chief Corporate Responsibility Officer.

Planned changes after the Annual General Meeting of 29 April 2025

On the recommendation of the Nominations and Governance Committee, the Board of Directors has appointed Ilham Kadri and Téthys as members of the Strategy and Sustainability Committee, effective as of the close of the Annual General Meeting to be held on 29 April 2025[1]. Alexandre Ricard will leave the Committee as part of broad-based changes to the composition of all the Committees.

Composition as of 29 April 2025	Independence	Date of appointment to the Committee
Jean-Paul Agon (Chairman)		2011
Jean-Victor Meyers		2020
Paul Bulcke		2017
Patrice Caine	◆	2020
Ilham Kadri	◆	2025
Téthys, represented by Alexandre Benais		2025

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors.*

(1) *Subject to approval of the appointments and re-appointments submitted to the Annual General Meeting of 29 April 2025.*

2024 main activities

Strategy

- Analysis of sales, update on business activities;
- Update on market developments and on competition;
- Analysis of the performance of the latest product launches;
- Review of acquisition projects;
- Follow-up of recent acquisitions;
- Review of the Group's strategic development prospects; and
- Review of one of the Group's brands at each meeting;

Sustainability

- Systematic review at each meeting of the latest initiatives of the L'Oréal for the Future programme, presented by the Chief Corporate Responsibility Officer:
- Update on the L'Oréal for the Future programme;
- SBTi validation of the Net-Zero pathway;
- Review of various sustainable development initiatives, including:
  - Context and progress report five years after the launch of the L'Oréal for the Future programme,
  - Sustainable packaging strategy,
  - L'Oréal Sponsor of the 8th Biomim' Expo,
  - World Refill Day to promote refillable products,
  - 15th Citizen Day, and
  - "No Waste" world summit in June 2024.

Audit Committee

Composition as of 31 December 2024	Independence 66%	Number of meetings in 2024	Attendance (average 100%)	Date of appointment to the Committee
Virginie Morgon (Chairwoman)	◆	5	100%	2013
Fabienne Dulac	◆		100%	2019
Béatrice Guillaume-Grabisch			100%	2016
Ilham Kadri	◆		100%	2022
Nicolas Meyers			100%	2021
Jacques Ripoll*	◆		100%	2024
Benny de Vlieger			100%	2023

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors. Excluding Directors representing employees, in accordance with the AFEP-MEDEF Code.*

* *Alexandre Ricard joined this Committee at the close of the 23 April 2024 Annual General Meeting.*

The committee is chaired by Virginie Morgon, an independent Director who has recognised financial expertise. Due to their professional experience and their good knowledge of the Group's accounting and financial procedures, the members of the Audit Committee all have financial and/or accounting skills and are deemed to be financial experts within the meaning of Article L. 821-67 of the French Commercial Code.

In addition to the specific skills of certain Committee members, the Committee is given regular updates on sustainability issues, particularly draft regulations. Since 2018, the Committee has been responsible for monitoring issues relating to financial and non-financial information and monitoring risk management systems, including sustainability risks. Since the start of 2024, the Audit Committee has been responsible for the implementation of the CSRD.

The Statutory Auditors attend the meetings, except where discussions are about them. The Committee meets at least twice a year without management being present, and the Statutory Auditors attend these meetings. The Committee did not deem it necessary to call upon outside experts. The Chairman of the Board of Directors and the Chief Executive Officer are not members of the Committee.

Planned changes after the Annual General Meeting of 29 April 2025

On the recommendation of the Nominations and Governance Committee, the Board of Directors has appointed Jacques Ripoll as Chair of the Audit Committee in view of his recognised expertise in finance, accounting and sustainability, as demonstrated by his career in top management positions in leading financial institutions.

Alexandre Ricard, Isabelle Seillier and Téthys will join the Audit Committee as of the close of the Annual General Meeting on 29 April 2025[1].

Nicolas Meyers and Ilham Kadri will leave the Committee as part of broad-based changes to the composition of all the Committees.

Composition as of 29 April 2025.	Independence 66%	Date of appointment to the Committee
Jacques Ripoll (Chair)	◆	2024
Fabienne Dulac	◆	2019
Béatrice Guillaume-Grabisch		2016
Alexandre Ricard	◆	2025
Isabelle Seillier	◆	2025
Téthys, represented by Alexandre Benais		2025
Benny de Vlieger		2023

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors. Excluding Directors representing employees, in accordance with the AFEP-MEDEF Code.*

(1) *Subject to approval of the appointments and re-appointments submitted to the Annual General Meeting of 29 April 2025.*

2024 main activities

Monitoring the process for preparation of financial information

- Review of annual and interim results, including press releases and the balance sheet;
- Analysis of operating profit by Division and Zone;
- Treasury and financing;
- Review of the Statutory Auditors' Reports on the parent company and consolidated financial statements (including the key points of the audit);
- Review of the Statutory Auditors' 2024 audit plan and the results of the audits carried out, their recommendations and the follow-up actions taken, as part of the statutory audit of the accounts; and
- Approval of non-audit services.

Internal control, risks and compliance

- Review of the internal control systems implemented (in particular the Vigilance Plan and the Corruption Prevention Plan);
- Summary of the internal control reviews carried out in 2024 by the Statutory Auditors;
- Monitoring Internal Audit activities, including CSR commitments and cybersecurity;
- Updating the Group risk map;
- Review of legal risks and potential litigation and major events that could have a significant impact on L'Oréal's financial position and its assets and liabilities;
- Monitoring the business plan for major acquisitions, goodwill and impairment;
- Data privacy: monitoring of policies in place and reviewing data governance; and
- Human Rights Policy.

Monitoring the process for compiling sustainability risk information

- Review of the sustainability audit expertise of the Statutory Auditors in order to recommend to the Board the Sustainability Auditors to be put forward for appointment at the 2024 Annual General Meeting;
- Sustainability report: double materiality assessment, milestones, monitoring the data control process for the sustainability report; and
- Climate and Nature Risks: main topics covered by the TNFD and TCFD.

Nominations and Governance Committee

Composition as of 31 December 2024	Independence 50%	Number of meetings in 2024	Attendance (average 100%)	Date of appointment to the Committee
Patrice Caine (Chairman)	◆	5	100%	2018
Françoise Bettencourt Meyers			100%	2020
Paul Bulcke			100%	2017
Sophie Bellon	◆		100%	2016

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors.*

The Chairman of the Board of Directors and Chief Executive Officer may attend Committee meetings, unless items on the agenda concern them directly.

Planned changes after the Annual General Meeting of 29 April 2025

On the recommendation of the Nominations and Governance Committee, the Board of Directors has appointed Jean Victor Meyers, Nicolas Meyers and Isabelle Seillier as members of the Nominations and Governance Committee, effective as of the close of the Annual General Meeting to be held on 29 April 2025[1].

Composition as of 29 April 2025	Independence 50%	Date of appointment to the Committee
Patrice Caine (Chairman)	◆	2018
Jean-Victor Meyers		2025
Paul Bulcke		2017
Sophie Bellon	◆	2016
Nicolas Meyers		2025
Isabelle Seillier	◆	2025

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors.*

2024 main activities

Composition of the Board of Directors

- Reflection on the composition of the Board (diversity, complementary profiles, expertise, gender balance, combining of offices, etc.) and update of the skills matrix for Directors;
- Short- and medium-term projections for the composition of Board Committees and proposals;
- Induction process for Jacques Ripoll;
- Annual training plan for the two Directors representing the employees; and
- Preparation of re-appointments of Directors submitted for approval at the Annual General Meeting of 29 April 2025.

Governance

- Analysis of the 2024 voting policies for investors and proxy advisors with regard to governance topics (composition of the Board, balance of powers, terms of office, independence of Directors, etc.);
- Analysis of resolutions voted at the 2024 Annual General Meeting;
- Examination of the independence of each Director in light of the criteria set out in the AFEP-MEDEF Code; and examination of the current agreements;
- Review of the executive session held in December 2023;
- Review of the summary results of the Board's self-assessment;
- Analysis of the 2023 reports issued by the AMF and the French High Committee on Corporate Governance; and
- Values Committee: 2024 activity report.

Succession plans and emergency plan

- Review of the succession plans for the purpose of ensuring the continuity of General Management and Chairmanship of the Board in the event of an unforeseen medium-term vacancy; and
- Review of the key positions in the organisation to ensure the short-term continuity of business activities.

Regulatory updates and knowledge of market practices and expectations

- Changes to the Board's decision-making procedures (France's "Attractiveness Act" of 13 June 2024);
- Regulatory developments (Women on Board Directive, etc.); and
- Review of the 2024 General Meeting season.

(1) *Subject to approval of the appointments and re-appointments submitted to the Annual General Meeting of 29 April 2025.*

Human Resources and Remuneration Committee

Composition as of 31 December 2024	Independence 60%	Number of meetings in 2024	Attendance (average 82.9%)*	Date of appointment to the Committee
Sophie Bellon (Chairwoman)	◆	5	100%	2018
Françoise Bettencourt Meyers			100%	2020
Paul Bulcke			100%	2017
Fabienne Dulac	◆		80%	2020
Thierry Hamel			100%	2023
Alexandre Ricard**	◆		100%	2024

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors. Excluding Directors representing employees, in accordance with the AFEP-MEDEF Code.*
* *Annual average, taking into account the fact that Belén Garijo was unable to attend two meetings of this Committee. Belén Garijo left the Board at the close of the 23 April 2024 Annual General Meeting.*
** *Alexandre Ricard joined this Committee at the close of the 23 April 2024 Annual General Meeting.*

The Chairman of the Board of Directors and Chief Executive Officer may attend Committee meetings, unless items on the agenda concern them directly.

Planned changes after the Annual General Meeting of 29 April 2025

On the recommendation of the Nominations and Governance Committee, the Board of Directors has appointed Jean Victor Meyers, Nicolas Meyers and Jacques Ripoll as members of the Human Resources and Remuneration Committee, effective as of the close of the Annual General Meeting to be held on 29 April 2025[1].

Composition as of 29 April 2025	Independence 57%	Date of appointment to the Committee
Sophie Bellon (Chairwoman)	◆	2018
Jean-Victor Meyers		2025
Paul Bulcke		2017
Fabienne Dulac	◆	2020
Thierry Hamel		2023
Nicolas Meyers		2025
Alexandre Ricard	◆	2024
Jacques Ripoll	◆	2025

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code, as assessed by the Board of Directors. Excluding Directors representing employees, in accordance with the AFEP-MEDEF Code.*

(1) *Subject to approval of the appointments and re-appointments submitted to the Annual General Meeting of 29 April 2025.*

2024 main activities

Remuneration of corporate officers

- Analysis of the voting policies of investors and proxy advisors concerning remuneration issues;
- Remuneration of the corporate officers for financial years 2023 and 2024:
  - analysis of the Chief Executive Officer's performance in 2023 and recommendation to the Board of Directors on 2023 variable annual remuneration; and
  - proposal of the targets and weightings for 2024 for the Chief Executive Officer;
- Remuneration of the corporate officers for financial year 2025:
  - review of the remuneration policy applicable to the Chairman of the Board of Directors and to the CEO,
  - analysis and proposed changes to the benchmark panel used for setting the Chief Executive Officer's remuneration, and
  - reflection about the various components of the Chief Executive Officer's remuneration for 2025;
- Say on Pay: preparation of the draft resolutions to be proposed to the Annual General Meeting of 23 April 2024;
- Review of pay gap ratios; and
- Review of the 2024 General Meeting season.

Remuneration of Directors

- Remuneration of Directors, breakdown for 2024; and
- Proposed changes to the policy and aggregate amount for Directors' remuneration to be put to the vote of the Annual General Meeting of 29 April 2025.

Related-party agreements

- Review of the ongoing regulated agreement relating to Nicolas Hieronimus.

Human Resources policy

- Review of the Simplicity programme dedicated to transforming ways of working, which was introduced Group-wide in 2017 and updated at the beginning of 2023;
- Review of HR IS transformation projects;
- Review of L'Oréal's remuneration and benefits policy, including French and international value-sharing arrangements;
- Review of the policy on diversity and equality in management bodies: presentation of the various levers and results obtained, specifically regarding gender balance in executive management bodies[1]; and
- Review of L'Oréal's overall employee shareholding scheme, comprising various mechanisms.

Long-Term Incentives (LTI) Policy

- Delivery of LTI plans: recording of performance relating to the ACAs Plan of 2020;
- Review of the draft resolution on the ACAs Plan to be put to the vote of the 2024 Annual General Meeting;
- Preparation of the ACAs Plan for October 2024; and
- Proposed allocation to the Chief Executive Officer for 2024.

Worldwide employee shareholding plan

- Review of the fourth Worldwide Plan implemented in 2024 and review of the proposed fifth Worldwide Plan for 2025.

(1) *The Group's objectives and results in relation to gender balance in strategic positions are set out in sections 4.7.4.2.1 and 4.7.5.3.*

2.3.4 Involvement of the Board and its Committees in sustainability issues

Main tasks

Strategy and Sustainability Committee

- Reviews the Group's strategic orientations, including multi-year strategic orientations in terms of social and environmental responsibility.
- Reviews strategic projects and their economic, financial, societal and environmental impacts.
- Reviews the sustainable development commitments and regularly reviews CSR issues.

2024 main activities

- Review of the Group's strategic development prospects
- Systematic review at each meeting of the latest initiatives of the L'Oréal for the Future programme, presented by the Chief Corporate Social Responsibility Officer:
  - Update on the L'Oréal for the Future programme
  - Validation of the Net Zero trajectory
  - Participation in the ChangeNOW summit
  - Sustainable packaging strategy
  - L'Oréal's sponsorship of the 8th Biomim' Expo
  - World Refill Day
  - 15th Citizen Day
  - No Waste World Summit

Audit Committee

- Carries out the process for preparation of non-financial information and, where applicable, makes recommendations to guarantee the integrity thereof.
- Monitors the efficiency of the internal control and risk management systems.
- Monitors the certification of the non-financial information by the Statutory Auditors.

2024 main activities

- Review of sustainability reporting regulations: CSRD
- Review of the internal control systems (Vigilance Plan and Corruption Prevention Plan)
- Monitoring Internal Audit activities, including CSR and cybersecurity commitments
- Risk mapping
- Data privacy: monitoring of policies in place and reviewing data governance
- Human Rights Policy
- Review of Climate and Nature Risks: main points TNFD and TCFD

Nominations and Governance Committee

- Oversees governance issues related to the operating methods and organisation of the Board, particularly the Board's diversity policy.
- Reviews and proposes candidates for appointment as Directors to the Board under the diversity policy applied to the Board of Directors and evaluates candidates' knowledge and expertise in terms of the Board's needs.

2024 main activities

- Reflection on the composition of the Board (diversity, complementary profiles, expertise, gender balance, concurrent directorships, etc.) and update of the skills matrix for Directors
- Specific review of CSR expertise as part of updating the skills matrix for Directors
- Induction process for Jacques Ripoll
- Values Committee: report of activities in 2024
- Review of investor and proxy advisor expectations
- Report on 2024 Annual General Meetings, including Say on Climate

Human Resources and Remuneration Committee

- Makes proposals on the remuneration of corporate officers, including the non-financial targets for variable remuneration.
- Reviews the Human Relations policy and the rules of ethical conduct.

2024 main activities

- Analysis of the Chief Executive Officer's financial and non-financial performance
- Preparation of the ACAs plan for 2024, including CSR (15%) and HR (5%) criteria
- Review of the Human Resources policy, including remuneration policy, the overview of L'Oréal employee shareholding and the diversity policy for management bodies
- Review of pay gap ratios
- Review of the proposed 5th worldwide employee shareholding plan
- Review of investor and proxy advisor expectations

Board of Directors

- Defines the strategic orientations, factors social and environmental issues into its decisions, reviews the Group's CSR policy every year and receives a report from each S&S Committee meeting on the L'Oréal for the Future programme.

2024 main activities

- Automatic reporting on the work carried out by the four Committees
- Updating of the strategic orientations, taking social and environmental challenges into consideration
- Review of the risk mapping update, taking sustainability risks into consideration
- Review of the status of the L'Oréal for the Future sustainability programme by the Chief Corporate Social Responsibility Officer
- Presentation of the members of the Executive Committee, systematically taking into account the CSR challenges facing their business: Chief Executive Officer, Dermatological Beauty, Deputy Chief Executive Officer in charge of Research, Innovation and Technology, General Manager of the Consumer Products Division, Chief Human Relations Officer, Chief Digital and Marketing Officer
- Update on cybersecurity
- Update on the Group's ethics policy

Board of Directors CSR training session on

- Responsible marketing
- Responsible use of artificial Intelligence
- Responsible use of social media

2.3.5 Board of Directors' self-assessment

ORGANISATION OF THE ANNUAL ASSESSMENT ON THE BOARD'S OPERATION

June 2024	October 2024	October-November 2024	December 2024	March 2025
Nominations and Governance Committee (NGC) · Validation of the Board assessment procedure for 2024: internal assessment.	**NGC** · Validation of the interview guide and update to preliminary questionnaire.	· Interview guide and preliminary questionnaire sent to the Directors. · Individual interviews (Directors/ Board Secretary).	**NGC** · Detailed report on the assessments. **Board of Directors** · Summary of the assessments. · Review of 2024. Discussions and wishes for 2025.	· Publication of the assessment summary in the 2024 Universal Registration Document.

- **Annual procedure** for the formal evaluation of the Board, carried out within the framework of the AFEP-MEDEF Code which is used as the corporate governance code of reference, and of market recommendations such as those issued by the AMF.
- **Principal objectives:**
  - Ensure that the agendas for Board meetings cover the full scope of the Board's remit, that important issues have been appropriately prepared and discussed, and evaluate each member's contribution to the work of the Board;
  - Measure the extent to which the skills matrix and the composition of the Board are commensurate with the Group's current and future challenges;
  - Make suggestions for improvements; and
  - Put forward proposals on the strategic issues to be addressed next year, including those to be debated at the Strategic Seminar.
- **Format and procedure:**
  - A **thematic interview guide**, which was updated in October 2024, sets out the principles stipulated in the AFEP-MEDEF Code and identifies the Board's practices and market expectations. It enables each Director to ask questions about the operation of the Board and their personal contribution to its work and decisions;
  - A **questionnaire** was prepared and reviewed in 2022 **with the assistance of the consulting firm Spencer Stuart** and **updated in 2024**;
  - **Individual meetings** were held between the Directors and the Board Secretary in October and November 2024; and
  - **Feedback on responses and interviews** was given at the Nominations and Governance Committee meeting of 5 December 2024 and then at the Board of Directors meeting of 6 December 2024, which was followed by discussions between Directors and on 2025 priorities. If necessary, the Chairman may meet Directors individually.
- **Key themes of the evaluation**:
  - Composition of the Board, its organisation and its operation;
  - The quality and relevance of the information provided;
  - The Board's involvement in defining L'Oréal's strategy;
  - The work and composition of the Committees; and
  - Key governance topics.
- **Individual self-assessment of each Director's contribution to the Board and its Committees on the following subjects:**
  - Time spent preparing for Board and Committee meetings;
  - Attention paid to rereading meeting minutes;
  - Attention paid to implementing Board decisions;
  - Specific skills used by the Board; and
  - Areas where training would be useful.

General assessment	Areas for improvement/Action to be taken/Issues to be addressed
COMPOSITION OF THE BOARD	
• **Diversity** in terms of gender, age, profile and experience. • Appropriate **size** in relation to quality of work, discussions and decision-making. • Appropriate number of **independent Directors** (50%), given their profile, considerable freedom of expression and the structure of share ownership. • **Required expertise** well represented in terms of the Board's requirements (see section 2.2.1.2), particularly experience of General Management of large international companies. • Directors have recognised **international experience**. • Appropriate **composition of Committees**, with sound expertise among Directors.	• When future Directors are recruited, this level and diversity of skills, in particular on the subjects of sustainability and international experience, is maintained/reinforced. Priority could also be given to expertise in artificial intelligence, for example.
OPERATING METHODS OF THE BOARD OF DIRECTORS	
• An operating method enabling the Board to fully carry out its duties, in particular drawing up and monitoring the implementation of strategic priorities. • **Very good level of involvement**; active, committed Directors who express themselves very freely. • **Agendas well suited** to the challenges facing the company and the Board's remit; **adaptable** throughout the year; listening to Directors' requests. • **Sufficient frequency and length of meetings**, with real effort being made to keep to schedules. • Time set aside for debate entirely satisfactory. • **Confidentiality** of discussions well respected. • Proper application of the rules relating to **conflicts of interest**. • Organisation and logistics of meetings highly satisfactory. • Non-Board events helping to strengthen the collective. • **Digital platform well used.** • The induction process for new Directors is considered satisfactory. • 2024 areas identified for improvement addressed. • Issues identified for the 2023 review as being on the Board's agenda in 2024 addressed.	• Exceptions could be made for printing figures that are difficult to analyse in digital format. • Off-site meetings could be organised more frequently, to visit factories or research centres, for example. • Off-site visits and a visit to the Le Visionnaire could be organised to onboard new Directors.
INFORMATION PROVIDED BY THE BOARD	
• **Information "at the right level"** for effective participation in the work of the Board. • **Topics covered in 2024** very **comprehensive** and **well aligned** with the issues facing the company. • **Document delivery times improving** and generally satisfactory. • **Presentations by managers concise** and sufficiently analytical to give a clear understanding of the issues at stake. • **Adequate information provided on acquisition projects.** • **Good information** on **market trends** and the **competitive environment**. • Adequate information on **key strategic issues, including CSR issues**. • **Useful and sufficient information** provided between Board meetings.	• Managers' presentations could be accompanied by a summary of the key points to remember. • Receiving a summary of analysts' reports after the publication of net sales figures and results.
TRAINING FOR BOARD MEMBERS	
• Ethics training in the domain of responsible marketing, the responsible use of artificial intelligence and social networks.	

General assessment	Areas for improvement/Action to be taken/Issues to be addressed
THE BOARD AND STRATEGY	
• **Good anticipation of medium- and long-term planning**. • Holding a Strategic Seminar at least once a year is very useful. • Topics discussed at the **Strategic Seminar in June 2024, which were deemed very interesting.** • **Acquisition projects** well presented and discussed, in line with the strategy. • Good analysis of the main **risks**.	• Inclusion of proposed topics for the next strategic seminar. • Requests for an **additional Board meeting** to allow more time to review the strategy in depth.
BOARD COMMITTEES	
• **Strategy and Sustainability Committee:** works very well with good discussions; presentations on acquisition projects very well structured; regular CSR overviews considered important. • **Audit Committee:** good coverage of CSR reporting issues; particular attention paid to risk issues; highly relevant business approach to the issues dealt with. • **Human Resources and Remuneration Committee**: meetings well prepared, enabling in-depth discussions; work well planned ahead of meetings. • **Nominations and Governance Committee**: very good planning in the selection of new Directors.	• Continued focus on cross-cutting sustainability issues.
GOVERNANCE ISSUES	

• **How General Management operates:**
  ◦ Separation of the roles of Chairman and Chief Executive Officer, which is working very well.
• **Complementary relationship** between the Chairman and the Chief Executive Officer is valued.
  ◦ Attentive and receptive Chairman, who leads discussions in a very open way, with excellent knowledge of the subject matter, which is a real added value.
  ◦ Transparent communication with the Chief Executive Officer, enabling in-depth strategic discussions in a climate of trust.
• **Balance of power ensured** (presence and number of major shareholders; profile of independent Directors; freedom of expression).
• **Lead Director**: not relevant to L'Oréal given the current composition and *modus operandi* of the Board.
• **"Climate" Director**: not recommended, as CSR is the responsibility of all Directors.
• **Executive sessions**: running well.
• **Conflicts of interest**: well managed by the rules in force (non-participation in debates and decisions, annual declaration of independence, procedure for reviewing current agreements).
• **Contact with investors and proxy advisors**: current procedures for meetings with L'Oréal teams are deemed satisfactory.	

2.3.6 Appendix: Full text of the Internal Rules of the Board of Directors

These Rules are applicable to all present and future Directors, whether they are appointed by the General Meeting or by the employees, and are intended to complement the legal, regulatory and statutory rules and those under the Articles of Association in order to state accurately the operating methods of the Board of Directors and its Committees, in the interests of the Company and its shareholders.

L'Oréal's Board of Directors uses the principles of corporate governance presented by the AFEP-MEDEF Code as its code of reference. The Internal Rules specify the operating methods of the Board, in the interests of the Company and of all its shareholders, and those of its Committees, whose members are Directors to whom it gives preparatory assignments for its work.

In line with the distribution of responsibility for sustainability issues between the Audit Committee and the Strategy and Sustainability Committee, the Board's Internal Rules were updated on 8 February 2024 to allocate the responsibilities provided for by the Corporate Sustainability Reporting Directive (CSRD) to the remit of the Audit Committee. These rules were also updated on 6 December 2024 to take into account the changes introduced by France's "Attractiveness Act" relating to the Board's decision-making procedures. The new provisions concerning written consultation of Directors will be put to the vote of the Annual General Meeting of 29 April 2025, in the twenty-third resolution. As was the case for previous versions, the Internal Rules are made public in full in this paragraph.

PREAMBLE

The Board of Directors of L'Oréal ("the Company") is a collegial body which is mandated by all the shareholders. It has the authority given to it by law to act in all circumstances in the best interests of the Company.

By exercising its legal prerogatives, the Board of Directors ("the Board") fulfils the following main duties: it validates the Company's strategic priorities, appoints the corporate officers which are given responsibility for managing the Company within the scope of this strategy, chooses how General Management is organised (whether to combine or to separate the roles of Chairman and Chief Executive Officer), oversees management and ensures the quality of the financial and non-financial information provided to the shareholders and to the markets.

The organisation of the Board's work and its composition is personalised to L'Oréal's needs and is part of a continuous progress approach. The Board's main responsibility is to adopt the method of organisation and the operating methods which best enable it to complete its duties. Its organisation and operating methods are described in these Internal Rules which were prepared by the Board, and are published in full on L'Oréal's website and in the Universal Registration Document.

The Board's actions are carried out within the framework of the AFEP-MEDEF Code. The Corporate Governance Report provides more detail on the Board's composition and on the way in which the Board's work is prepared and organised, and explains, where applicable, the recommendations that have not been adopted in line with the Company's specificities.

These Rules apply to all Directors, both current and future, whether they are appointed by the Annual General Meeting or by employees, and are intended to complement the legal, regulatory and statutory rules and those under the Articles of Association in order to state accurately the operating methods of the Board of Directors and its committees.

1 Remit and authority of the Board of Directors

1.1 General powers of the Board

The Board defines the business strategy of the Company and monitors its implementation, in accordance with the best interests of the Company, taking social and environmental issues into consideration.

Subject to the powers expressly conferred to Annual General Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters regarding the smooth running of the Company and settles issues concerning the Company through its decisions. All year round, the Board carries out the controls and verifications it deems appropriate.

The Board ensures, as applicable, that a mechanism for the prevention and detection of corruption and influence-peddling is in place.

The Board also ensures that the executive corporate officers implement a policy of non-discrimination and diversity as regards gender balance in management bodies.

The Corporate Governance Report outlines the Board's activity.

The Board prepares and convenes Annual General Meetings and sets the agenda. It puts the parent company and consolidated financial statements to the vote and presents its Management Report to which the Corporate Governance Report is appended to the meeting.

The Board sets the remuneration of corporate officers. It reports on its policy and decisions in its Management Report and in the Corporate Governance Report. The Annual General Meeting is consulted every year on the components of remuneration due or allocated to each corporate officer for the past financial year. The Board is a collegial body which is legally unable to delegate its authority, except to General Management in those cases expressly provided for by law. Within the scope of its work, it may decide to set up Committees which do not have decision-making powers but provide useful information to support the Board with discussions and decisions. The Board decides on the composition of the Committees and the rules with regard to their operating methods.

The Board may ask one or more of its members or third parties to carry out special assignments or projects aimed in particular at studying one of more specific topics.

1.2 Relations between General Management and the Board

1.2.1. Forms of General Management

General Management of the Company is carried out under the responsibility of either the Chairman and Chief Executive Officer, or by another individual with the position of Chief Executive Officer where the two roles are separate. French law does stipulate whether the positions of Chairman of the Board and Chief Executive Officer must be one role or two separate roles, meaning the Board is free to choose between either organisational structure for its General Management, depending on which is better suited.

Whether General Management is carried out by a Chairman and Chief Executive Officer or a Chief Executive Officer, the Board has the same prerogatives. It may in particular take all specific measures aimed at ensuring an ongoing balance of power.

1.2.2. Powers of General Management

General Management, which may be carried out by the Chairman and Chief Executive Officer or by a Chief Executive Officer, is granted the broadest powers to act in the name of the Company in any circumstances. It must exercise these powers within the limit of the Company's corporate purpose subject to the powers expressly granted by French law to General Shareholders' Meetings and the Board of Directors.

The Board has the possibility limit the powers of General Management. Thus, transactions which may materially impact the scope of consolidation of the Company, in particular, transactions involving an amount in excess of €250,000,000 and all new transactions which are outside the normal course of business for an amount in excess of €50,000,000, must be submitted to the Board. In any event, the Board of Directors must be informed of the conclusion and implementation of all transactions.

General Management represents the Company in its dealings with third parties.

Upon a proposal by the Chief Executive Officer, the Board may appoint one or more individuals responsible for assisting the Chief Executive Officer, who will hold the corporate office of Deputy Chief Executive Officer(s).

1.2.3. Duties of General Management

Whatever the form of organisation chosen (Chairman and Chief Executive Officer or Chief Executive Officer), General Management is required to provide each Director with all the documents and information they require to carry out their duties.

More specifically, General Management provides Board members with information that may prove useful as they prepare meetings, or whenever the importance or urgency of the information so requires. This provision of ongoing information also includes any relevant information concerning the Company, and in particular press articles and reports containing financial analysis.

General Management allows Board and its Committees to meet with senior managers at L'Oréal, within the strict framework of their duties. In consultation with General Management, the Board and the Committees may use external consultants if they consider it necessary.

The Board is informed of the Company's financial position and cash position at the close of the annual financial statements and the review of the interim financial statements, or at any other time it is necessary to do so.

2 Composition of the Board

2.1 Directors

The Directors of the Company:

- provide their expertise and professional experience;
- are required to act with due care and attention and participate actively in the work and discussions of the Board;
- have complete freedom of judgement.

This freedom of judgement enables them in particular to participate, completely freely, in the decisions and work of the Board, and, where applicable, its Committees.

2.1.1. Independence

The Board reviews the independence of each of its members every year, after obtaining the opinion of the Nominations and Governance Committee, in particular in light of the independence criteria in the AFEP-MEDEF Code and taking L'Oréal's specific needs into account. The findings of this evaluation are reported to the shareholders and made available to the general public.

2.1.2. Diversity

The Board focuses closely on its targets in terms of composition, for both itself and for its Committees, in particular in terms of gender equality, nationalities and a diverse range of skills. The objectives, terms and conditions, and results of its policy in this area are made public in the Corporate Governance Report and included in the Universal Registration Document.

2.1.3. Terms of office

The length of the term of office of Directors is four years. However, terms of office are staggered in order to avoid renewing too many Directors at once and instead renew Directors harmoniously.

In principle, it is agreed by the Board members that Directors are to resign from the Board before the Annual General Meeting following their 73rd birthday and that they not stand for re-appointment if this means they will not be able to carry out their duties for at least two years.

In any event, in accordance with French law and the Articles of Association, the total number of Directors who are over 70 years of age may not exceed one-third of the Directors in office.

2.2 Chairman of the Board

The Board of Directors must elect a Chairman from among its members.

The Chairman of the Board organises and oversees the Board's work and reports thereon to the Annual General Meeting.

The Chairman sets the dates and the agenda for Board meetings and leads the discussions.

The Chairman is actively involved in defining the Company's growth strategy and encourages and strengthens, inter alia, links between the Company and the main market players.

The Chairman oversees the work of the Company's bodies responsible for corporate governance and ensures, in particular, that Directors are able to carry out their duties. He may request that any document or information that is likely to assist the Board of Directors in preparing meetings is shared.

The Chairman of the Board must strive as far as possible to promote the values and image of the Company at all times. His views are expressed in this capacity.

He is provided with the material resources required to perform his duties.

The Chairman of the Board takes care, particularly where roles of Chairman and Chief Executive Officer are separated, to develop and maintain a relationship built on trust and regular interaction between the Board and General Management, in order to ensure the continuous and ongoing implementation of the strategies defined by the Board.

3 Rights and obligations of the Directors

3.1 Knowledge of and compliance with regulatory texts, recommendations and obligations

Each of the members of the Board declares that they have read the following documents:

- the Company's Articles of Association;
- the legal and regulatory texts that govern French "sociétés anonymes" (public limited companies) within the framework of the Board of Directors operations and, in particular, the rules relating to:
  - the number of offices that may be held simultaneously,
  - the agreements and transactions concluded between the Director and the Company,
  - the definition of the powers of the Board of Directors,
  - the holding and use of inside information, which are discussed in section 3.6;
- the recommendations defined in the AFEP-MEDEF Code;
- L'Oréal's Code of Ethics;
- L'Oréal's Stock Market Code of Ethics; and
- the provisions of these Internal Rules.

3.2 Respect for the interests of the Company

The Directors are required to act in the interest of the Company and all its shareholders at all times.

The Directors are required to notify the Board of any situation that may constitute a conflict of interest, even if such conflict is only potential, and must refrain from participating in the corresponding deliberations.

Directors must inform the Board every year of the offices and positions they hold in other companies and of any conflicts of interest, even if only potential, that they have identified (see Annual Report on independence under Article 4.4).

Furthermore, the Board carries out an annual analysis of any business relationships between L'Oréal and companies in which Directors hold directorships or perform functions, to ensure these relationships are not significant. It reports on its findings in the Universal Registration Document.

3.3 Obligations of due diligence and provision of information

Directors are required to devote the necessary time and attention to their duties.

They must limit how many other directorships they hold, so as to ensure their availability.

Directors may not hold more than four other directorships in listed companies outside the Group, including in foreign companies. Where required, any Directors concerned are given time to bring their situation into compliance with this rule.

Directors must keep the Board informed of the directorships they hold in other companies, including any involvement in Board Committees of any French or foreign companies.

Corporate officers may not hold more than two other offices as in listed companies outside the Group, including in foreign companies. Directors must seek the Board's approval before accepting a new corporate office in a listed company.

Each Board member undertakes to be diligent:

- by attending all Board meetings, online (videoconference or telecommunication) where necessary, except in unavoidable circumstances;
- by attending all General Shareholders' Meetings, as far as possible;
- by attending the meetings of the Board Committees of which they are a member.

The Corporate Governance Report gives shareholders all the relevant information on the Directors' individual participation in these sessions and meetings.

When it comes to making decisions, Directors must ensure that they have all the information they consider essential in relation to the smooth conduct of the work of the Board or the Committees. If this information is not made available to them, or they consider this to be the case, they must request the relevant information from the Chairman of the Board, who is required to ensure that the Directors are in a position to carry out their duties.

3.4 Training for Directors

All Directors, and in particular those representing employees, can benefit, on their appointment or throughout their term of office, from the training programmes relevant to their position.

These training programmes are organised, proposed and covered by the Company.

3.5 Obligation of discretion and confidentiality

The Directors undertake not to express themselves individually other than in the internal deliberations of the Board on questions raised at Board meetings.

Outside the Company, only collegial expression is acceptable, particularly in the form of press releases intended to provide markets with information.

With regard to information not in the public domain to which Directors have access as a result of their duties, the Director must consider him/herself to be bound by strict professional confidentiality, which is more demanding than the legal duty of discretion. This obligation applies to all persons called on to attend Board meetings, and covers all information of a confidential nature and all information presented as confidential by the Chairman of the Board.

Beyond this legal obligation and to ensure the quality of the discussions of the Board of Directors, all information given to Board members and the opinions they express must be kept strictly confidential.

This obligation applies to any person invited to attend a Board meeting.

3.6 Stock market ethics

3.6.1. Principles

The Company has put in place a Stock Market Code of Ethics that is regularly updated, in particular to take into account changes in the regulations in force. This Code was updated following the applicability, as from 3 July 2016, of European Regulation (EU) No. 596/2014 on market abuse (Market Abuse Regulation). The Board members comply with the Principles of Stock Market Ethics "related to inside information" provided for by this code.

Inside information must only be used by the Director in the performance of his duties. Such information must in no case be communicated to a third party other than in order to perform their duties, and for no other purpose or activity than those for which it is held.

All Directors must refrain from trading in, having others trade in, or enabling others (including through recommendations or encouragements) to trade in the securities of the Company on the basis of this information, until such time as the information has been made public.

It is the personal responsibility of each Director to determine whether the information they hold is inside information or not, and accordingly whether they may or may not use or transmit any of the information, and whether they may or may not trade or have others trade in the Company's securities.

3.6.2. Abstention periods

During the period preceding the publication of any inside information to which Directors have access, in their capacity of insiders, the members of the Board must by law refrain from all trading in the Company's securities.

Furthermore, in accordance with the Market Abuse Regulation and the recommendations of the French Financial Markets authority, they are prohibited from trading in the Company's shares over the following periods:

- a minimum of 30 calendar days before the date of publication of the press release on the annual and half-year results;
- a minimum of 15 calendar days before the date of publication of the press release on quarterly financial information.

Directors are only authorised to trade in L'Oréal shares the day after the press release is published.

3.6.3. Insider trading

Directors have been informed of the provisions in force relating to the holding of inside information, insider trading and the unlawful disclosure of inside information: Articles 465-1 *et seq.*, L. 621-14 and L. 621-15, III c of the French Monetary and Financial Code and Articles 7 *et seq.* of the Market Abuse Regulation.

3.6.4. Obligation to declare trading in the securities of the Company

In accordance with the applicable regulations, Directors and closely associated persons, as defined by Article 3.1.26 of the Market Abuse Regulation, must inform the AMF[1] of all acquisitions, sales, subscriptions or trades of the Company's shares and transactions involving related instruments where the cumulative amount of such transactions is higher than €20,000 for the current calendar year.

Directors and closely associated persons must submit their declarations to the AMF by email within three trading days following completion of the transaction.

These individuals must also provide a copy of this declaration to the Secretary of the Company's Board of Directors at the same time.

The declarations are then posted on the AMF's website and are included in an annual summary in the Company's Management Report.

3.6.5. Appointment of an Internal Stock Market Ethics Advisor

L'Oréal has appointed an internal Stock Market Ethics Advisor, who is responsible for assisting anyone who requests support, in complete confidentiality, to analyse and assess their situation, without prejudice to the principle of personal accountability.

3.7 Holding of a minimum number of shares

In accordance with the AFEP-MEDEF Code and independently of any obligation to hold shares under the Articles of Association, the Directors must personally be shareholders of the Company and hold a significant number of shares.

Each Director must own at least 250 shares in the Company: at least 125 shares on the date of their election by the Annual General Meeting, and the remaining 125 shares no later than 24 months after this date.

The decision as to whether the shares held by the Director should be registered or deposited, in full or in part, is the responsibility of the Director.

This stock ownership obligation is not applicable to Directors representing employees.

4 Operating methods of the Board of Directors

4.1 Convening the Board

The Board is convened by any appropriate means. Notices convening a meeting may be transmitted by the Board Secretary of Directors. They are sent in writing at least eight days prior to a meeting, except in particular circumstances. The notices specify the venue of the meeting, which may be the headquarters or any other venue.

All the documents that are necessary to inform Directors about the agenda and about any questions submitted to the Board for review are enclosed with the convening notice or are sent or provided to the Directors within a reasonable period of time prior to the meeting.

(1) *Via the AMF's secure website, ONDE, subject to confirmation of identity by sending an email to: ONDE_Administrateur_Deposant@amf-france.org.*

These documents may be provided to them on a secure digital platform, within a reasonable period of time prior to the meeting. In exceptional cases, they may be provided at the meeting.

4.2 Board meetings and method of participation

The Board meets as often as required in the best interest of the Company, and at least five times per year.

The dates of the Board meetings for the following year are set no later than the beginning of the summer, except in the case of Extraordinary Meetings.

The frequency and length of Board meetings must allow for an in-depth review and discussion of the matters that fall into the remits of each of the Committees.

The Directors meet once a year without any executive corporate officers, Directors representing the employees or other Group employees in attendance.

In accordance with the applicable legal and regulatory provisions, Directors who take part in Board meetings through telecommunication facilities are deemed to be present for the purpose of calculating the quorum and majority. The telecommunication facilities used must be such that the Directors can be identified and actually take part in the meeting, i.e., the system must at least transmit participants' voices and retransmit the Board's discussions and debates in an unbroken and simultaneous manner. However, the Board can decide, at its discretion, to rule out this method of participation.

A Director who takes part in a meeting through telecommunication facilities must ensure that the discussions remain confidential.

In accordance with the applicable legal and regulatory provisions and the Company's Articles of Association, unless any Director raises an objection, any decision of the Board of Directors may be taken by way of a written consultation, including electronically[1]. The Board Secretary counts the votes of the Directors on the proposed resolution and informs the Board of the result of the vote.

4.3 Minutes of Board meetings

Minutes are kept for each Board meeting.

The minutes of the meeting mention the use of videoconference or telecommunication facilities and the name of each Board member who participated in the meeting by such means. The minutes also indicate whether any technical incidents occurred during a meeting held by means of videoconference or telecommunication facilities, and if such incidents disrupted the course of the meeting.

The minutes of the deliberations include a summary of the debates and specify the decisions that were made. They mention the questions raised and the reservations expressed by participants.

The draft minutes of the last Board meeting are sent or given to all Directors no later than the date when the next meeting is convened.

The Board Secretary is granted the power to issue and certify copies or extracts of the minutes of Board meetings.

Decisions taken by means of written consultation with the Directors are recorded in minutes that are stored under the same conditions as other decisions taken by the Board of Directors.

4.4 Board Secretary

The Secretary is appointed by the Board. He/she assists the Chairman in organising the Board's work, in particular with drawing up the annual work programme and setting the dates of Board meetings.

With the support of General Management, he/she ensures the quality and production, sufficiently in advance, of the documents and drafts put to the vote of the Board at its meetings.

He/she prepares the draft minutes of Board meetings, which are submitted for the Board's approval.

He/she is responsible for the secure IT platform made available to the Directors.

He/she monitors on an ongoing basis changes in the regulations and reflections in the marketplace with regard to the corporate governance of listed companies.

The Secretary organises, together with the Chairman, the annual assessment of the Board's work and receives the annual reports on independence from each Director (see Article 3.2).

Every Director may consult the Board Secretary at any time with regard to the scope of the rights and obligations linked to his/her role.

4.5 Annual assessment on how the Board operates

Each year, the Board carries out an evaluation of its ability to respond to the expectations of shareholders by reviewing its composition, its organisation and its *modus operandi*.

At its last meeting for the year and on the basis of a summary of the interviews that are organised and conducted with each Director prior to this meeting, the Board discusses points of view and opinions expressed, based on a guide which includes the recommendations adopted by the AFEP-MEDEF Code. It draws the conclusions from this with the aim of improving the conditions for the preparation and organisation of its work and that of its Committees.

The results of the evaluation, together with aspects that remain to be approved, are passed on to the shareholders in the Annual Report and at the time of the Annual General Meeting.

5 Board Committees

When the Board sets up Committees, it appoints the members of these Committees and determines their duties and responsibilities.

These Committees act within the remit granted to them by the Board and therefore have no decision-making power. The Committees may not at any time take over the powers of General Management as set out in section 1.2.2. of these Rules.

All Committee members are Directors. They are appointed by the Board in person and may not be represented. All Board members have the necessary qualifications due to their professional experience. They actively take part in Committee meetings with complete freedom of judgement and act in the interest of the Company.

(1) *Subject to the approval of the 23rd resolution by the Annual General Meeting on 29 April 2025.*

The Secretary of each Committee is appointed with the approval of the Chairman/Chairwoman of the Committee. The Board Secretary may also be a Committee Secretary.

Each Committee decides upon the frequency of its meetings. These meetings are held at the Company's headquarters or at any other place decided by the Chairman/Chairwoman of the Committee.

The Chairman/Chairwoman of each Committee prepares the agenda for each meeting.

The Committees may make contact, in the exercise of their duties, with the Company's main senior managers, in agreement with the Chairman/Chairwoman of the Board and after informing General Management and will report on such contacts to the Board.

The Board may entrust a Committee Chair, or one or more of its members, with a special assignment or project to carry out specific research or study future possibilities. The designated individual will report on this work to the Committee concerned to allow the Committee to deliberate on this work and in turn report thereon to the Board.

For each Committee meeting, Committee members may decide to invite third parties to attend where necessary or on an advisory basis, whenever they see fit.

In its field of expertise, each Committee makes proposals and recommendations and expresses opinions as the case may be. For this purpose, it may carry out or request any studies that may assist the Board's deliberations. When they use the services of external consultants, the Committees must ensure that their service is objective.

5.1 Strategy and Sustainability Committee

5.1.1. Remits

The remit of the Strategy and Sustainability Committee is to use its analyses and debates to highlight the Group's strategic priorities, including its multi-annual strategic priorities for corporate social responsibility, as submitted to the Board of Directors, and to monitor the implementation and advancement of significant operations in progress.

The Committee examines:

- the main strategic lines of development, options and projects presented by General Management, and their economic, financial, social and environmental consequences;
- opportunities for acquisitions or investments that involve significant amounts or represent a departure from the Group's usual business operations, and the conditions relating to their implementation;
- financial transactions that could significantly change the balance sheet;
- the Company's sustainability commitments in light of the issues specific to the Group's business activities and its objectives, and the means and resources put in place; and
- the proposed strategic priorities to be defined by the Board with a view to consulting the Economic and Social Committee.

More generally, the Committee debates all issues considered essential for the future strategy of the Group and for preserving its main financial balances.

5.1.2. Work organisation

It meets when convened by the Chairman/Chairwoman of the Committee, whenever he/she or the Board deem it necessary.

The agenda of the meetings is set by the Chairman/Chairwoman of the Committee, or together with the Board of Directors where the Board calls the meeting.

The Strategy and Sustainability Committee reports on its work to the Board whenever necessary at least once a year.

5.2 Audit Committee

5.2.1. Remits

The Audit Committee, acting under the responsibility of the members of the Board, is responsible for monitoring issues relating to the preparation and control of accounting, financial and sustainability reporting, the Internal Control and risk management systems and the Statutory Auditors.

The Audit Committee must ensure that General Management has the means to be able to identify and manage the economic, financial, legal and sustainability risks the Group faces, both within and outside France, in the conduct of its normal or exceptional operations.

Without prejudice to the authority of the Board of Directors, this Committee is responsible in particular for:

- monitoring the process for developing financial information and sustainability reporting, including in digital format, where applicable, and making recommendations to ensure the integrity of these processes.

The Committee is informed of the accounting rules applicable within the Group. Any issues that may be encountered in the due and proper application of such rules are referred to this Committee. It examines any proposals for a change in accounting principles or in accounting methods and stays informed, in particular of accounting principles at the national and international level.

The Audit Committee's review of the financial statements is accompanied by a presentation from the Chief Financial Officer describing the Company's significant off-balance sheet commitments;

- **monitoring the efficiency of the Internal Control and risk management systems, as well as Internal Audit**, with regard to the procedures for developing and processing accounting and financial information and sustainability reporting, including in digital format, without its independence being undermined;
- **monitoring the Group's main risk exposures and sensitivities.** The Committee reviews, in particular, the programme and objectives of the Internal Audit Department and reviews the main topics that it identifies as well as the methods and procedures used by Internal Control systems.

It conducts an annual review of the risk factors section of the Management Report and of Internal Control and risk management procedures.

The Audit Committee's review of the financial statements is accompanied by a presentation from the Chief Financial Officer describing the Company's exposure to significant risks;

- monitoring the performance of the statutory audit of the annual and consolidated financial statements by the Statutory Auditors and the independent third-party, as well as sustainability reporting certification.

It reviews the audit plan and the work programme of the Statutory Auditors and, where applicable, the independent third-party, the findings of their audits, their recommendations and the follow-up action taken further to such recommendations.

It reviews the breakdown of fees billed by the Statutory Auditors and, where applicable, the independent third-party.

It takes into account the findings and conclusions of the French regulatory body for statutory auditors (Haute Autorité de l'Audit) following the audits carried out;

- **ensuring that the Statutory Auditors and, where applicable, the independent third-party, comply with their independence requirements.**

It makes a recommendation with regard to the Statutory Auditors and, where applicable, the independent third-party, proposed for appointment by the Annual General Meeting, and makes further recommendations for the renewal of such appointments;

- approving the provision of services, in accordance with the "Code of Conduct for the provision of services that may be entrusted to the Statutory Auditors of the L'Oréal Groupe and to their networks".

The Committee decides on this point after analysing the risks related to the independence of the Statutory Auditors and of any independent third-party, and the safeguards applied by them. The Committee may therefore approve each service on a case-by-case basis or approve a set of services as a whole;

- reporting regularly to the Board on the progress of its work. It also reports on the repercussions of the audit and sustainability reporting certification, as well as on the way in which this audit contributed to the integrity of financial information and sustainability reporting. It reports on the role that it has played in this process. The Committee informs the Board of Directors without delay of any difficulties encountered.

This monitoring makes it possible for the Committee to issue recommendations, where necessary, concerning the improvement of existing processes and the possible setting up of new procedures.

The Audit Committee can be consulted for all questions relating to procedures for controlling risks of an unusual nature, particularly when the Board or General Management considers it appropriate to submit such questions to this Committee.

5.2.2. Composition

All Directors who sit on this Committee have the necessary qualifications due to their professional experience and their good knowledge of the Group's accounting and financial procedures.

As soon as they are appointed, the members of the Audit Committee must receive specific information on the Company's accounting, financial or operational particularities.

The appointment or re-appointment of the Chairman/Chairwoman of the Audit Committee, proposed by the Nominations and Governance Committee, must be subject to a specific review by the Board.

The Chairman/Chairwoman and Chief Executive Officer, or the Chief Executive Officer where the roles are separated, is not a member of the Audit Committee.

5.2.3. Work organisation

The Chairman/Chairwoman of the Audit Committee issues guidelines for the Committee's work each year, based on his/her judgement concerning the importance of the specific types of risk faced, subject to approval from General Management and the Board.

The Committee meets when convened by its Chairman/Chairwoman, whenever the Chairman/Chairwoman or Board deem it necessary.

The agenda of the meetings is set by the Chairman/Chairwoman of the Committee, or together with the Board of Directors where the Board calls the meeting. The agenda is sent to the Committee members before the meeting, together with the information which will be useful for their debates.

To carry out its remit successfully, the Audit Committee may also, subject to approval from General Management, obtain information from people who are able to assist it in the performance of its tasks, and in particular senior managers in charge of economic and financial issues and those in charge of information processing.

5.2.3.1. Relations with the Statutory Auditors and, where applicable, the independent third-party

The Committee regularly interviews the Statutory Auditors and, where applicable, the independent third-party, sometimes without management being present.

The Statutory Auditors and, where applicable, the independent third-party, inform the Audit Committee of:

- the general work programme implemented as well as the various sampling tests they have carried out;
- the changes which they consider should be made to the financial statements to be approved or any other accounting documents, making any appropriate observations on the valuation methods used to prepare them;
- any irregularities and inaccuracies they may have discovered;
- the conclusions resulting from the above observations and corrections to be made to the results for the period compared to those for the previous period.

The Statutory Auditors and, where applicable, the independent third-party, also assess, with the Audit Committee, risks related to their independence and the protective measures taken to mitigate these risks. For this purpose, the Committee obtains a statement of independence from the Statutory Auditors and, where applicable, the independent third-party.

They inform the Committee of significant Internal Control weaknesses related to the procedures for preparing and processing accounting and financial information and sustainability reporting, and provide the Committee with the documents required by law every year.

5.2.3.2. Activity Report

The Audit Committee regularly reports to the Board on the progress of its work and takes note of the Board's observations.

The Committee informs the Board without delay of any difficulties encountered.

In its report, the Audit Committee makes the recommendations it considers appropriate with regard to:

- the suitability of the various procedures and of the system as a whole for achieving the objective of managing information and risk;
- the effective application of the procedures in place, and where applicable, the means implemented to achieve this aim.

It also formulates in its report all recommendations and proposals aimed at improving the effectiveness of the various procedures or at adapting them to a new situation.

If the Committee detects a substantial risk over the course of its work which in its view is not adequately handled, it notifies the Chairman of the Board accordingly.

5.3 Nominations and Governance Committee

5.3.1. Remits

The main tasks of the Nominations and Governance Committee, within the context of the work of the Board, are to:

- review and propose candidates for appointment as new Directors to the Board. For this purpose, the Committee prepares a list, which is continually updated, of persons who could be appointed as Directors under the diversity policy applied to the Board of Directors and detailed in the Management Report. The Nominations and Governance Committee may commission one or more international firms that specialise in scouting for independent Directors and may also collect possible suggestions from the Directors. The Committee evaluates candidates' knowledge and expertise in terms of the Board's needs, identified in line with the diversity policy. The Nominations and Governance Committee makes its recommendations to the Board in the context of the selection of future new Directors;
- make recommendations on the diversity policy that is applied to the Board of Directors;
- provide the Board with clarifications on the conditions of performance of General Management and the status of the corporate officers;
- issue an opinion on proposals made by the Chairman of the Board for the appointment of the Chief Executive Officer;
- ensure the implementation of a procedure for the preparation of succession plans for corporate officers in the event of an unforeseen vacancy;
- ensure that the AFEP-MEDEF Code to which the Company refers is applied;
- discuss governance issues related to the functioning and organisation of the Board;
- decide on the conditions under which the regular evaluation of the Board is carried out;
- discuss the classification of Directors as independent, which is reviewed by the Board every year prior to publication of the Annual Report;
- conduct a review of the Committees that are in charge of preparing the Board's work;
- review the implementation of the procedure for regular evaluation of current agreements concluded under normal terms;
- review the rules of ethical conduct, as set out in the Code of Business Ethics, and the Group's strong values, such as respect and integrity, which must be widely shared, understood and put into practice;
- prepare the Board's decisions with regard to updating its Internal Rules.

5.3.2. Work organisation

The Committee meets when convened by its Chairman/ Chairwoman, whenever the Chairman/Chairwoman or Board deem it necessary.

The agenda of the meetings is set by the Chairman/ Chairwoman of the Committee, or together with the Board of Directors where the Board calls the meeting.

The Committee may meet at any time it considers to be appropriate, for example to assess the performance of the Company's senior managers.

The Chairman/Chairwoman of the Board is involved with its work, except where it concerns him or her personally.

The Committee must regularly report on its work to the Board and make proposals to the Board.

5.4 Human Resources and Remuneration Committee

5.4.1. Remits

The Board freely determines the remuneration of the Chairman/Chairwoman, the Chief Executive Officer and the Deputy Chief Executive Officers.

Within this framework, the main tasks of the Human Resources and Remuneration Committee are to make proposals with regard to the following in particular:

- the fixed and variable remuneration of the Chairman/ Chairwoman of the Board and any other benefits he or she receives;
- the fixed and variable remuneration of the Chief Executive Officer and any other benefits he or she receives (pension, severance indemnities, etc.);
- the amount of the remuneration budget for Directors to be submitted to the Annual General Meeting and the method of distribution;
- the implementation of long-term incentive plans.

The Committee considers questions relating to the remuneration of corporate officers while they are not present at the meeting.

The Committee also considers all of the other components of the Human Resources policy, including employee relations, recruitment, diversity, talent management and fostering employee loyalty. As part of this review, the Committee is informed, in particular, of the remuneration policy for the main managers who are not Directors or corporate officers.

5.4.2. Work organisation

The Committee meets when convened by its Chairman/Chairwoman, whenever the Chairman/Chairwoman or Board deem it necessary. The agenda of the meetings is set by the Chairman/Chairwoman of the Committee, or together with the Board of Directors where the Board calls the meeting.

The Committee may meet at any time it considers to be appropriate, for example to assess the performance of the Company's senior managers.

The Chairman/Chairwoman of the Board is involved with its work, except where it concerns him or her personally. The Committee is required to report regularly on its work to the Board and make proposals to the Board.

6 Remuneration of Directors

Directors receive a remuneration for their duties, the amount of which is approved by the Ordinary General Meeting and allocated as decided by the Board.

The main component of this remuneration is a variable portion determined on the basis of attendance at Board and Committee meetings.

The Board of Directors may award exceptional remuneration for specific assignments or offices entrusted to the Directors and subject to related-party agreements.

The Directors have the possibility of asking for reimbursement of the expenses necessary for the exercise of their corporate office upon presentation of supporting documents.

2.4 Remuneration of Directors and corporate officers

2.4.1 Remuneration policies for Directors and corporate officers

Pursuant to Article L. 22-10-8 of the French Commercial Code, the Annual General Meeting of 29 April 2025 is called to approve the remuneration policies for Directors and corporate officers as established by the Board of Directors (14th to 16th resolutions), i.e., the remuneration of:

- the Directors;
- the Chairman of the Board of Directors; and
- the Chief Executive Officer.

These policies describe all the components of remuneration of the Directors and corporate officers, and explain the decision-making process followed to determine, review and implement them.

For the record, the Annual General Meeting of 23 April 2024 approved the remuneration policy for Directors by 99.90% of votes cast, for the Chairman of the Board of Directors by 97.90% and for the Chief Executive Officer by 93.11%. As it does each year, on the basis of the work carried out by the Nominations and Governance Committee, in 2024 the Board of Directors analysed the results of the votes for all of the resolutions approved at the Annual General Meeting, paying particular attention to any resolutions that had an approval rate of less than 80% of the free float. In 2024 none of the resolutions relating to Directors' and corporate officers' remuneration had an approval rate less than or equal to this 80% threshold.

At its meeting on 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided to:

- make the changes to the remuneration policy applicable to Directors that are described in section 2.4.1.1;
- keep unchanged the remuneration policy applicable to the Chairman of the Board of Directors, as described in section 2.4.1.2.2;
- make the changes to the Chief Executive Officer's remuneration policy that are described below and detailed in section 2.4.1.2.1.

At its meeting on 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided to propose to the Annual General Meeting on 29 April 2025, when the shareholders will be asked to re-appoint Nicolas Hieronimus as a Director, changes to the Chief Executive Officer's remuneration policy.

Each of the components of the Chief Executive Officer's remuneration package has been analysed in depth to ensure notably that it is competitive both within the Group and with regard to the market, and that it is directly aligned with the Group's overall business strategy and shareholders' interests.

If the Annual General Meeting of 29 April 2025 approves the remuneration policy for the Chief Executive Officer, all of the policy's components will apply from 1 January 2025.

	Main proposed changes to the Chief Executive Officer's remuneration policy to be submitted for approval at the 29 April 2025 Annual General Meeting	Comments
Benchmark panel	To replace Danone, Reckitt Benckiser and Kimberley Clark by Essilor Luxotica, Novartis and PepsiCo	The current panel, which has remained the same since 2019, has gradually become less suitable for benchmarking the growth and development of L'Oréal's business. In September 2024, L'Oréal was positioned between the median and the 3rd quartile of the panel in terms of sales and number of employees, and above the 3rd quartile in terms of market capitalisation. In addition, this panel is heavily weighted towards fast-moving consumer goods companies, which means that a rebalancing is required in view of the changes in the Group's sales and their breakdown between the Divisions (in particular the Dermatological Beauty Division and the L'Oréal Luxe Division). The recommended changes to the benchmark panel put forward by the Human Resources and Remuneration Committee to the Board were based on proposals by the consultancy firm, Mercer, with a view to making the comparative analysis more consistent and relevant. In its search for new members of the benchmark panel, the Committee focused on companies with large brand portfolios in the pharmaceutical or luxury retail sectors, or with a strong brand identity. At the same time, it decided to keep the same number of companies in the panel as before, as well as the same geographic coverage as it considers this to be representative of the Group's international footprint.

Annual fixed remuneration	To raise the Chief Executive Officer's annual fixed remuneration to €2.3 million, i.e., an increase of 15%.	The Board particularly took into account the fact that:
		• the Chief Executive Officer's skills and experience in his role have increased and been strengthened over the past four successful years of his leadership, as reflected in (i) the findings of the Board of Directors' 2024 self-assessment (see section 2.3.5), (ii) the growth percentages (on a reported basis) between 2021 and 2024 for sales (34.7%), operating profit (41%) and EPS (43.5%), and (iii) the Group's top-class financial and ESG ratings (see section 1.1.6);
		• the responsibilities of the Chief Executive Officer have become wider in an ever-more complex and highly competitive environment which demands constant change and adaptation for the Group;
		• L'Oréal is exploring adjacencies to its position as a pure beauty player, in line with the Group's mantra of "seize what is starting"" (*saisir ce qui commence*);
		• the Chief Executive Officer's fixed remuneration has remained the same since he was first appointed in 2021, and by principle, the new amount of his fixed remuneration will remain unchanged for the next four years;
		• there has been an overall upward trend for fixed remuneration within L'Oréal in view of the inflationary environment (a 13.7% increase in France since 2021 according to INSEE):
		  • fixed remuneration for the members of the Executive Committee based in France increased by an average of 14.5% between 2022 and 2025[1];
		  • fixed salaries for employees based in France rose by an average of 17% over the same period[2].

(1) *The annual cash remuneration increase for the Executive Committee is tracked globally across both fixed and variable remuneration. The contribution of fixed remuneration to the cumulative annual global increases observed from 2022 to February 2024 is +14.5% for the continuously present Executive Committee members during the period under consideration.*

(2) *Cumulative average annual increases in fixed compensation for employees based in France from 2022 to February 2025.*

	Main proposed changes to the Chief Executive Officer's remuneration policy to be submitted for approval at the 29 April 2025 Annual General Meeting	Comments
Annual variable remuneration	To give more stretch to the Chief Executive Officer's annual variable remuneration, by: • capping the variable amount that can be awarded in the event of outperformance at 130.4% of his fixed remuneration (i.e., €3 million) instead of 120% previously (€2.4 million), representing a 25% increase; This outperformance is assessed on a criterion-by-criterion basis with no possibility to offset between criteria; • setting a target variable amount of 113% of fixed remuneration (i.e., €2.6 million) instead of 100% previously (€2 million), representing a 30% increase;	The Board's aim is to: • encourage outperformance, without excessive risk taking, in an increasingly complex and tough operating environment, and to penalise underperformance proportionately; • ensure that the Chief Executive Officer's annual variable remuneration is competitive in relation to the benchmark panel (described in section 2.4.1.2.1A) by positioning the target amount between the median and the 3rd quartile in accordance with his remuneration policy; • ensure consistency, both within the Group in comparison with the maximum annual variable remuneration of Executive Committee members, and outside the Group as compared with the variable remuneration structure for the benchmark panel (target and maximum amounts).
	• reinforcing the performance assessment matrix that incorporates floor values for each financial criterion below which no amount would be due, in order to ensure that underperformance is penalised at least as harshly as outperformance is rewarded, with no possibility to offset between criteria.	In view of considerations expressed by the Company's main investors and by proxy advisory firms with voting rights, the Board, on the recommendation of the Human Resources and Remuneration Committee, wishes to improve transparency by clarifying details around performance criteria trigger points, without however sharing expected levels, which would breach business confidentiality.
	To simplify the non-financial criteria by reducing the number of criteria based on the L'Oréal for the Future programme.	The Board took into account the opinions of the main investors and proxy advisory firms. It also ensured that the quantitative criteria based on the L'Oréal for the Future programme that continue to apply to the Chief Executive Officer's variable remuneration are fully aligned with the Group's overall business strategy.
Potential additional share grants	To reduce the ceiling on potential additional share grants to 3% of the total number of shares granted during a given financial year, taking into account any grants already awarded (instead of 5% previously).	In view of observations by the Company's main investors and by proxy advisory firms, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided to reduce the ceiling on these potential additional share grants, which have never actually been used.
Lock-up obligation	To strengthen the obligation for the Chief Executive Officer to hold the performance shares granted to him by adding a two-year lock-up period for 50% of the shares granted and fully vested.	In view of observations by the Company's main investors and by proxy advisory firms, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors wishes to strengthen alignment with shareholders' interests over the long term, including in the event of the termination of the Chief Executive Officer's corporate office.
Clawback mechanism	To introduce a clawback mechanism authorising the Board of Directors, on the recommendation of the Human Resources and Remuneration Committee, to reduce or cancel certain components of remuneration in the event of an accounting fraud where the Chief Executive Officer was aware of the situation and the financial statements have to be restated.	In view of observations by the Company's main investors and by proxy advisory firms, on the recommendation of the Human Resources and Remuneration Committee, the Board is proposing to introduce a clawback mechanism to more closely align the remuneration structure with shareholders' interests over the long term, and protect the interests of the Company when required.

2.4.1.1 Remuneration policy for Directors

Directors receive remuneration[1], the maximum amount of which is approved by vote at the Ordinary General Meeting, and which is allocated by the Board in accordance with the remuneration policy.

At the 29 April 2025 Annual General Meeting, the Board of Directors will propose an increase to the maximum amount of the annual remuneration of Directors provided for in the Directors' remuneration policy. In the tenth resolution, therefore, the Board will invite the shareholders to increase this maximum annual amount from €1,700,000 set in 2023 to €2,000,000. This decision was made by the Board to take into account the increase in the number of Directors, in view of the appointments submitted for approval at the Annual General Meeting, residing or not in Europe, and the increase in the number of Board meetings.

This authorisation would supersede the authorisation given at the 2023 Annual General Meeting.

On the recommendation of the Human Resources and Remuneration Committee, the Board of Directors is seeking to increase the variable portion of remuneration for the members of the Strategy and Sustainability Committee, which meets more frequently than the other Board Committees. If the new remuneration policy is approved, the remuneration for attending a Strategy and Sustainability Committee meeting will rise from €16,000 to €20,000, with the variable portion increasing from €10,000 to €14,000.

(1) *Formerly known as "attendance fees".*

In relation to the Directors' remuneration policy that will be put to the vote in the fourteenth resolution of the 29 April 2025 Annual General Meeting, the Board will propose the following allocation methods (on a full-year basis, effective as from the close of the Annual General Meeting):

Board of Directors	Annual fixed sum	Amount per Board meeting	Total for the Board of Directors*
	€30,000	€6,500 €10,000 (Directors located outside Europe – presence at a meeting)	**€75,500** **€100,000**
Board Committees	**Annual fixed sum**	**Variable annual amount****	**Total amount per Committee*****
Audit	€10,000	€20,000	**€30,000**
Strategy and Sustainability	€6,000	€14,000	**€20,000**
Nominations and Governance	€6,000	€10,000	**€16,000**
Human Resources and Remuneration	€6,000	€10,000	**€16,000**

* *Based on seven meetings per year.*
** *Allocated on the basis of attendance at Committee meetings.*
*** *Based on a 100% attendance rate.*

In accordance with the provisions of the AFEP-MEDEF Code, the majority of this remuneration for Directors comprises a variable portion that depends on attendance at meetings.

Committee Chairs receive double the remuneration of Committee Members.

Attendance at Board meetings for Directors located outside Europe is remunerated at €10,000 per meeting, except for participation by videoconference; in this case, attendance at the Board meeting is remunerated at €6,500.

In the event of the meeting of an ad hoc Committee formed to work on a specific matter that does not fall within the remit of any other existing Committee, the Human Resources and Remuneration Committee may propose to the Board the payment of additional remuneration to the Directors who are members of this Committee, in accordance with the overall budget.

2.4.1.2 Remuneration policy for executive and non-executive corporate officers

The Board refers notably to the recommendations of the AFEP-MEDEF Code for the determination of the remuneration and benefits granted to executive and non-executive corporate officers.

According to this Code, the corporate officers of a French *société anonyme à conseil d'administration* (public limited company with a Board of Directors) are: the Chairman and Chief Executive Officer, the Chief Executive Officer, the Deputy Chief Executive Officer(s) (executive corporate officers) and the Chairman of the Board who is not also the Chief Executive Officer (non-executive corporate officers).

The remuneration policies are designed to apply to:

- Nicolas Hieronimus, as Chief Executive Officer; and
- Jean-Paul Agon, as Chairman of the Board of Directors.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board ensures that the remuneration policy complies with the principles of comprehensiveness, balance, comparability, consistency, transparency and proportionality, and takes into account market practices.

2.4.1.2.1 Remuneration policy applicable to the executive corporate officer

A/ Fundamental principles for determination of the remuneration of the executive corporate officer

Specific requirements for appointments as executive corporate officers for employees who have been very succeeded throughout the various stages of their careers in the Group

L'Oréal's ongoing policy has been to appoint to the positions of executive corporate officers senior executives who have been very successful throughout the various stages of their careers in the Group.

The remuneration policy applicable to the executive corporate officer is the logical result of this choice.

It must serve to attract L'Oréal's most talented employees to the very top positions in General Management, without them being deprived after a long career in the Group of the benefits to which they would have continued to be entitled if they had remained employees.

To achieve this objective, the Board of Directors decided to maintain the employment contracts of the executive corporate officer with at least 15 years' service at the time of their appointment and ensured that the benefits under the suspended employment contract are not combined with those of the executive corporate office.

The Board of Directors has considered that the objective of the AFEP-MEDEF Code's recommendations to avoid the combination of benefits drawn from both an employment contract and a corporate office could be fully achieved by maintaining the suspended employment contract, and clearly separating the benefits from the corporate office from those from the employment contract.

This is why the Board of Directors has decided to make a clear distinction between:

- on the one hand, the remuneration components related to the corporate office: fixed and variable remuneration and grant of performance shares; and
- on the other hand, the other benefits that may be due pursuant to the suspended employment contract: termination indemnities, retirement indemnities in the event of voluntary retirement or retirement at the Company's request, financial consideration for the non-compete clause and the defined benefit pension scheme.

Remuneration in respect of the corporate office will in no event be taken into consideration in the calculation of all benefits that may be due under the employment contract described above.

The reference remuneration to be taken into account for all rights attached to the employment contract, in particular, for the calculation of the aforementioned pension scheme, will be based on the amount of remuneration at the date of suspension of the employment contract. This reference remuneration is revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund (Caisse Nationale d'Assurance Vieillesse). The seniority applied will cover the entire career, including the years spent as a corporate officer.

Information on the benefits that could be owed under the suspended employment contract are discussed in section 2.4.3.

The executive corporate officer is also considered in the same way as senior executives during the term of his corporate office, which allows him to continue to benefit from the additional social protection schemes and, in particular, from the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees.

Remuneration that is consistent with the remuneration of the Company's senior executives

The remuneration policy for the executive corporate officer is, where applicable, in line with the policy which was applied to them as senior executives.

Their level of remuneration as an executive corporate officer is set on the basis of the level of responsibilities they exercised in the Company at the time of their appointment.

The remuneration policy is based on the same foundations and instruments as those applied to the Company's senior executives. The remuneration principles are therefore stable and durable.

The Board of Directors is informed every year of the Group's Human Resources policy. The Board is in a position to verify the consistency between the remuneration of the executive corporate officer and procedures in place, particularly for the members of the Group's Executive Committee, based on the work by the Human Resources and Remuneration Committee and the Nominations and Governance Committee.

Competitive remuneration in comparison to a coherent and stable reference panel

The remuneration of the executive corporate officer must be competitive in order to attract, motivate and retain the best talents in the Company's top positions.

This remuneration is assessed as a whole, namely by taking into account all the components that make it up.

To assess the competitiveness of this remuneration, a coherent and stable reference panel is put in place, with the assistance of an external independent consulting firm.

The panel is made up of a range of leading global French and international companies that must operate on similar markets and are L'Oréal's direct competitors in the cosmetics sector, or operate on the wider consumer goods, luxury or pharmacy markets for all or a portion of their business activities.

This panel is re-examined each year by the Human Resources and Remuneration Committee to ensure that it continues to be relevant, it being specified that some companies making up the panel may be changed, based on proposals by an independent consultancy firm, particularly if there are changes to their business or structure.

Based on in-depth work by Mercer, the Committee noted that the current panel, which has remained the same since 2019, has gradually become less suitable for benchmarking the growth and development of L'Oréal's business. In September 2024, L'Oréal was positioned between the median and the 3rd quartile of the panel in terms of sales and number of employees, and above the 3rd quartile in terms of market capitalisation. In addition, this panel is heavily weighted towards fast-moving consumer goods companies, which means that a rebalancing is required in view of the changes in the Group's sales and their breakdown between the Divisions (in particular the Dermatological Beauty Division and the L'Oréal Luxe Division).

The recommended changes to the benchmark panel put forward by the Human Resources and Remuneration Committee to the Board were based on proposals by the consultancy firm, Mercer, with a view to making the comparative analysis more consistent and relevant with regard to the changes in the Group's profile and strategy. In its search for new members of the benchmark panel, the Committee focused on companies with large brand portfolios in the pharmaceutical or luxury retail sectors, or with a strong brand identity. At the same time, it decided to keep the same number of companies in the panel as before, as well as the same geographic coverage as it considers this to be representative of the Group's international footprint while remaining predominantly European.

Previous panel (unchanged since 2019)

	Pharmaceutical	FMCG	Luxury
3 French companies		Danone	Kering LVMH
5 European companies (excl. France)	GSK	Beiersdorf Reckitt Benckiser Unilever Henkel	
5 US companies		Colgate Palmolive Kimberley Clark Kenvue (Johnson & Johnson) Procter & Gamble	Estée Lauder
Total 13 companies	1	9	3

Adjusted panel (2025)

	Pharmaceutical	FMCG	Luxury
3 French companies			Kering LVMH Essilor Luxottica
5 European companies (excl. France)	GSK Novartis	Beiersdorf Unilever Henkel	
5 US companies		Colgate Palmolive Pepsico Kenvue (Johnson & Johnson) Procter & Gamble	Estée Lauder
Total 13 companies	2	7	4

	Previous panel (median)	L'Oréal	Adjusted panel (median)
Sales*	€30,100m	€41,183m	€34,898m
Number of employees*	88,800	94,605	88,843
Market capitalisation**	€87,600m	€205,180m	€95,490m

Companies exiting the 2025 Panel

Companies entering the 2025 Panel

* At 31 December 2023.
** At 9 September 2024.

Remuneration that is aligned with the best interests of the Company and directly linked to its strategy

The Board of Directors has aligned the remuneration policy for the executive corporate officer in line with the interests of the Company in order to ensure its long-term sustainability and development, taking into consideration the social and environmental challenges of its business activity and L'Oréal's Sense of Purpose.

a) Close links with strategy

The remuneration policy applied to the executive corporate officer is directly linked to the Group's strategy. It supports its development model. It promotes harmonious, regular, durable growth, both over the short and long term. The Board of Directors strives constantly to encourage General Management to maximise performance for each financial year and to ensure that this performance is repeated and regular year after year. This is in line with L'Oréal's objective of economic and societal excellence.

b) Performance targets that are directly correlated with those of the Company and create value

The Board of Directors chooses to correlate executive corporate officer's performance directly with the Company's performance by using the same performance indicators, and in particular financial indicators.

The choice of correlating the performance criteria for the executive corporate officer's remuneration with the Company's performance indicators, particularly those of a financial nature, serves as a guarantee of a clear and relevant remuneration policy.

These criteria make it possible to use internal performance indicators to assess L'Oréal's intrinsic performance, namely its year-on-year progress, as well as its relative performance as compared to the market and its competitors through external growth indicators.

The objectives adopted generate long-term value creation. In particular, the choice of varied operational financial criteria aims at encouraging durable, balanced growth. Overall long-term performance results from the convergence of these criteria.

These objectives must also be an incentive for the executive corporate officer to adapt the Group's strategy to the profound transformations in the world of beauty, and in particular the digital revolution.

c) Major portion of remuneration subject to performance conditions

A major component of executive corporate officer remuneration must be subject to performance conditions, with annual and multi-annual assessment periods adapted to the time horizon of each of these objectives.

Remuneration that is directly aligned with the Group's ambitious social, societal and environmental commitments

The remuneration must promote ongoing and sustainable development, in line with the Group's commitments with regard to ethics, and be respectful of the environment in which L'Oréal operates. In 2020, L'Oréal unveiled its 2030 Corporate Social Responsibility vision as part of the L'Oréal for the Future programme.

The social and societal commitment is just as important since no environmental transition is possible without an inclusive society. The annual variable portion of executive corporate officer remuneration, and their long-term remuneration, includes non-financial criteria related to L'Oréal's Sense of Purpose and the commitments made by the Group, particularly in the context of its corporate social, societal and environmental responsibility programmes.

These criteria will be assessed year-on-year with a long-term perspective.

Remuneration that creates medium- and long-term value for shareholders

Executive corporate officer remuneration must be linked to the medium-to long-term variation in the Company's intrinsic value and share performance. A significant portion of executive corporate officer remuneration therefore consists of performance shares, a significant percentage of which is retained until the end of his/her corporate office and even beyond, with the undertaking not to carry out risk hedging transactions.

This leads to alignment with the shareholders' interests, which serves as long-term value creation.

B/ Policy on fixed and variable remuneration and granting of performance shares to the executive corporate officer

The key for allocating target annual remuneration

The annual remuneration of the executive corporate officer consists of annual fixed remuneration, annual variable remuneration and the granting of performance shares.

It does not include any exceptional components.

The Board of Directors adopts the various components of this remuneration, paying attention to the necessary balance between each of them.

Each component of the target annual remuneration corresponds to a well-defined and clearly substantiated objective.

At its meeting on 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board decided that at the Annual General Meeting it will ask the shareholders to amend the remuneration policy for the Chief Executive Officer. This followed an in-depth analysis of the components of his remuneration package to ensure that it is competitive both within the Group and with regard to the market, and that it is directly aligned with the Group's overall business strategy and shareholders' interests.

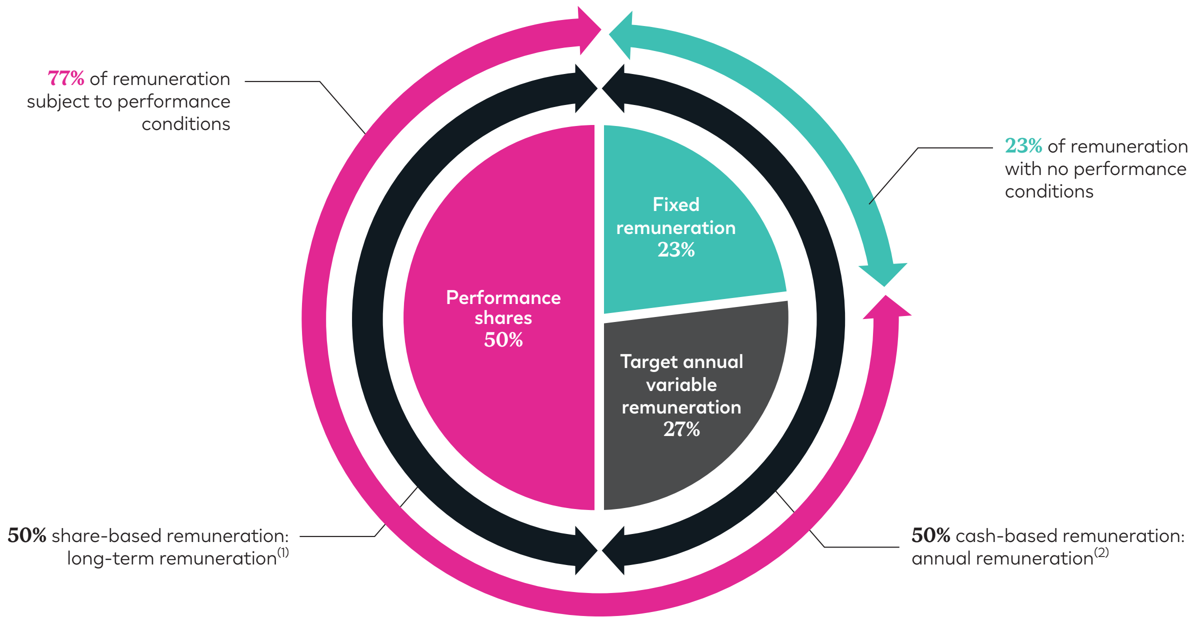
The Board maintained the overall balance between the different components of the Chief Executive Officer's annual remuneration – which has remained the same since May 2021 – while reinforcing the variable portion subject to performance conditions.

The various components of annual remuneration therefore form a balanced whole, breaking down approximately as follows:

- 46/54 between fixed remuneration and target annual variable remuneration(1) (versus 50/50 previously);
- 50/50 between annual remuneration and long-term remuneration (performance shares)(2);
- 50/50 between cash remuneration and share-based remuneration; and
- 77/23 between remuneration subject to performance conditions and remuneration not subject to performance conditions (versus 75/25 previously).

(1) *Annual variable remuneration may reach 130.4% of annual fixed remuneration (i.e., €3 million) in the event of outperformance. See below.*
(2) *Long-term remuneration (performance shares) may not exceed 60% of maximum annual remuneration. See below.*

DIAGRAM SHOWING THE BALANCE BETWEEN THE DIFFERENT COMPONENTS OF THE TARGET ANNUAL REMUNERATION



(1) *Long-term remuneration (performance shares) may not exceed 60% of maximum annual remuneration. See below.*
(2) *Annual variable remuneration may reach 130.4% of annual fixed remuneration (i.e., €3 million) in the event of outperformance. See below.*

N.B.: the employer's contributions to the additional social protection plans are to be added to the above.

Fixed remuneration

The fixed remuneration must reflect the responsibilities of the executive corporate officer, his/her level of experience and skills.

It has remained stable for several years and may be re-examined at the time of their re-appointment. It serves as a basis to determine the maximum percentage of the target annual variable remuneration.

The Chief Executive Officer's fixed remuneration was set at €2 million when he took up office in May 2021 and has remained the same since then, in accordance with his remuneration policy.

At the Annual General Meeting on 29 April 2025, the shareholders will be invited to re-appoint Nicolas Hieronimus as a Director. Consequently, at its meeting on 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided that at the Annual General Meeting on 29 April 2025 it will ask the shareholders to raise Nicolas Hieronimus' annual fixed remuneration to €2.3 million, i.e., an increase of 15%.

In reaching this decision, the Board took into consideration the fact that:

- the Chief Executive Officer's skills and experience in his role have increased and been strengthened over the past four successful years of his leadership, as reflected in (i) the findings of the Board of Directors' 2024 self-assessment (see section 2.3.5), (ii) the growth percentages between 2021 and 2024 for sales (34.7%), operating profit (41%) and EPS[1] (43.5%), and (iii) the Group's top-class financial and ESG ratings (see section 1.1.6);
- the responsibilities of the Chief Executive Officer have become wider in an ever-more complex and highly competitive environment which demands constant change and adaptation for the Group;
- L'Oréal is exploring adjacencies to its position as a pure beauty player, in line with the Group's mantra of "seize what is starting" (*saisir ce qui commence*);
- the Chief Executive Officer's fixed remuneration has remained the same since he was first appointed in 2021, and by principle, the new amount of his fixed remuneration will remain unchanged for the next four years;
- there has been an overall upward trend for fixed remuneration within L'Oréal in view of the inflationary environment (a 13.7% increase in France since 2021[2] according to INSEE):
  - fixed remuneration for the members of the Executive Committee based in France increased by an average of 14.5% between 2022 and 2025[3],
  - fixed salaries for employees based in France rose by an average of 17% over the same period[4].

Annual variable remuneration

The variable remuneration is designed to align the executive corporate officer's remuneration with the Group's annual performance and to promote the implementation of its strategy year after year.

The aim is not to encourage inappropriate and excessive risk taking. For this purpose, the annual variable remuneration remains reasonable in comparison with the fixed portion.

(1) *Reported data.*
(2) *Source: INSEE.*
(3) *The annual cash remuneration increase for the Executive Committee is tracked globally across both fixed and variable remuneration. The contribution of fixed remuneration to the cumulative annual global increases observed from 2022 to February 2024 is +14.5% for the continuously present Executive Committee members during the period under consideration.*
(4) *Cumulative average annual increases in fixed compensation for employees based in France from 2022 to February 2025.*

The variable remuneration is based on precise performance appraisal criteria determined at the beginning of the year by the Board of Directors.

These criteria are financial, non-financial and qualitative.

The financial and non-financial criteria are simple and quantifiable. They represent a predominant portion of the annual variable remuneration. A limit is set on the qualitative portion.

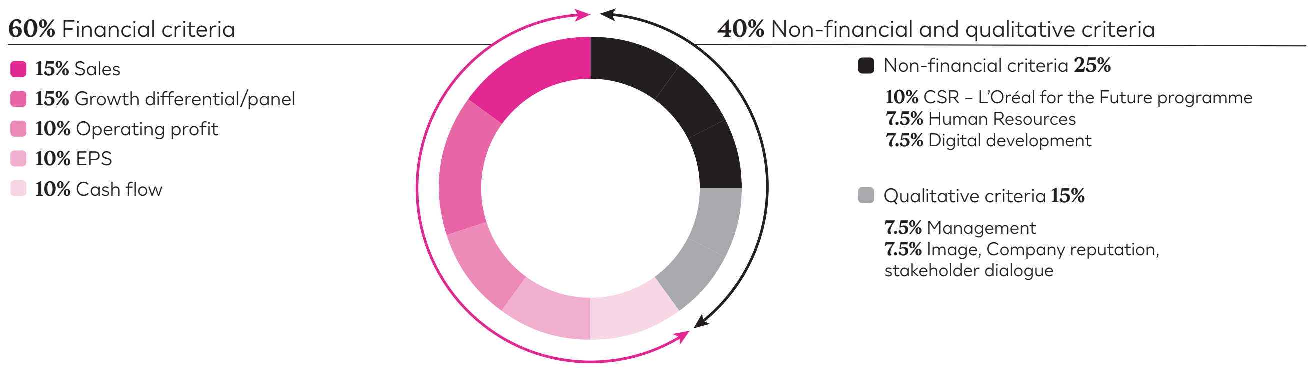
The weighting of each of the criteria and the objectives to be met are set at the beginning of the year in question and communicated to the executive corporate officer.

These criteria are the following:

- **for 60% of the annual variable remuneration:**
  - financial criteria directly correlated with the Company's performance indicators:
    - change in like-for-like sales as compared to the budget (15%);
    - change in market share compared to that of key competitors (15%);
    - change in operating profit as compared to the budget (10%);
    - change in earnings per share as compared to the budget (10%); and
    - changes in cash flow as a proportion of net profit (10%).
- **for 40% of the annual variable remuneration:**
  - non-financial criteria, linked in particular to:
    - the progress of the L'Oréal for the Future programme, which combines L'Oréal's sustainability commitments for 2030 (10%),
    - the implementation of the Human Resources policy with special attention to the development of gender balance in management bodies (7.5%), and
    - the digital development policy (7.5%);
  - qualitative criteria (15%).

The quantifiable, financial (60%) and non-financial (25%) criteria account for 85% of annual variable remuneration.

DETAILS OF WEIGHTING OF ANNUAL VARIABLE REMUNERATION



At its meeting on 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors also decided that at the Annual General Meeting it will propose that the Chief Executive Officer's remuneration policy be amended to give more stretch to his annual variable remuneration. This proposal entails:

- capping the variable amount that can be awarded in the event of outperformance at 130.4% of his fixed remuneration (i.e., €3 million) instead of 120% previously (€2.4 million), representing a 25% increase. This outperformance is assessed on a criterion-by-criterion basis with no possibility to offset between criteria;
- setting a target variable amount of 113% of fixed remuneration (i.e., €2.6 million) instead of 100% previously (€2 million), representing a 30% increase;
- defining floor values for each financial criterion below which no amount would be due, in order to ensure that underperformance is penalised at least as harshly as outperformance is rewarded, with no possibility to offset between criteria.

Financial criteria	Weighting (out of 100)	As a % of fixed remuneration		
		Min	Target	Max
FINANCIAL CRITERIA				
Like-for-like sales as compared to budget[1]	15%	0%	17%	19.5%
Sales growth differential as compared to main competitors[2]	15%	0%	17%	19.5%
Operating profit as compared to the budget[1]	10%	0%	11.25%	13.1%
Earnings per share[3] as compared to the budget[1]	10%	0%	11.25%	13.1%
Cash flow[4] as compared to net profit	10%	0%	11.25%	13.1%
TOTAL FINANCIAL CRITERIA	**60%**	**0%**	**67.8%**	**78.3%**
NON-FINANCIAL AND QUALITATIVE CRITERIA				
CSR criteria: L'Oréal for the Future programme	10%	0%	11.25%	13.1%
Human Resources criteria	7.5%	0%	8.5%	9.75%
Digital development criteria	7.5%	0%	8.5%	9.75%
Qualitative criteria: Management	7.5%	0%	8.5%	9.75%
Qualitative criteria: Image, company reputation, dialogue with stakeholders	7.5%	0%	8.5%	9.75%
TOTAL NON-FINANCIAL AND QUALITATIVE CRITERIA	**40%**	**0%**	**45.2%**	**52.1%**
TOTAL	**100%**	**0%**	**113%**	**130.4%**

(1) Budget not provided for reasons of confidentiality.
(2) Panel of competitors: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.
(3) Diluted share attributable to owners of the company per share excluding non-recurring items.
(4) Cumulative operating cash flow = Cash flow generated by operating activities less purchases of property, plant and equipment and intangible assets.

The Board's aim is to:

- encourage outperformance, without excessive risk taking, in an increasingly complex and tough operating environment, and to penalise underperformance proportionately;
- ensure that the Chief Executive Officer's annual variable remuneration is competitive in relation to the benchmark panel (described in section 2.4.1.2.1A) by positioning the target amount between the median and the 3rd quartile in accordance with his remuneration policy; The detailed findings and figures of the study carried out by Mercer are set out in 2.4.1.2.3;
- ensure consistency, both within the Group in comparison with the maximum annual variable remuneration of Executive Committee members, and outside the Group as compared with the variable remuneration structure for the benchmark panel (target and maximum amounts).

Eight quantitative criteria related to the L'Oréal for the Future programme were originally set to measure the programme's overall progress. Taking into account observations by the Company's main investors and by proxy advisory firms, on the recommendation of the Human Resources and Remuneration Committee, the Board has decided to reduce the number of quantitative criteria related to this programme to five. The following three criteria will therefore be removed: (i) by 2030, average reduction of 50% in greenhouse gas emissions per finished product related to the transportation of Group products, compared with 2016; (ii) by 2030, 95% of ingredients in the Group's formulas will be biobased, and come from abundant minerals or circular processes; (iii) by 2030, all Group products will be eco-designed. The aim is to retain one indicator per pillar of the L'Oréal for the Future programme to ensure continuity.

The Board ensured that the quantitative criteria based on the L'Oréal for the Future programme that continue to apply to the Chief Executive Officer's variable remuneration are fully aligned with the Group's overall business strategy.

DETAILS OF NON-FINANCIAL CRITERIA LINKED TO THE PROGRESS OF THE L'ORÉAL FOR THE FUTURE PROGRAMME USED TO ASSESS THE PERFORMANCE OF THE EXECUTIVE CORPORATE OFFICER

Fighting climate change

- By 2025, 100% of the energy used by operated sites[1], including stores[2], will be renewable.

Managing water sustainably

- By 2030, 100% of water used in the Group's manufacturing processes will be recycled and reused.

Respecting biodiversity

- By 2030, 100% of ingredients in the Group's formulas and biobased packaging materials will be traceable and come from sustainable sources.

Preserving natural resources

- By 2030, 50% decrease in virgin plastic used in the Group's primary and secondary packaging, compared with 2019.

Empowering our ecosystem in our transformation

- By 2030, 100,000 people from underprivileged communities helped to find employment.

Performance share grants

Since 2009, the Board of Directors has granted performance shares to employees of the Group and, since 2012, also to its executive corporate officer, under Articles L. 225-197-1 *et seq.*, L. 22-10-59, L. 22-10-60 and L. 22-10-8 of the French Commercial Code and the authorisations granted by the Annual General Meeting.

These grants are linked to performance and their aim is to encourage achievement of the Group's long-term objectives and the resulting value creation for shareholders. Consequently, vesting is subject to performance conditions which are recorded at the end of a vesting period of four years from the grant date.

50% of the performance shares granted to the Chief Executive Officer, with a four-year vesting period, are subject to a further holding period of two years. This holding period still applies in the case where the beneficiary ceases to be Chief Executive Officer before the end of the holding period. If the beneficiary continues to exercise his function as Chief Executive Officer beyond the end of the holding period, he will be required to hold his shares in a nominative account until the termination of his duties in accordance with section (II) of article L.225-197-1 of the French Commercial Code.

The value of these shares, estimated at the grant date in accordance with IFRS as applied for the preparation of the consolidated financial statements, represents approximately 50% of the executive corporate officer's annual remuneration and may not exceed 60%.

The Board of Directors reserves the possibility to decide on an additional grant if a particular event justifies it. Any such additional grants to the Chief Executive Officer, for which the Board of Directors must give good reasons, may not exceed a total annual ceiling (taking into account any grants already awarded during the year). In view of observations by the Company's main investors and by proxy advisory firms, on the recommendation of the Human Resources and Remuneration Committee, the Board decided to reduce the ceiling on these potential additional share grants to 3% of the total number of shares granted during a given financial year, taking into account any grants already awarded (instead of 5% previously).

The executive corporate officer formally undertakes not to enter into any risk hedging transactions with regard to the performance shares until the end of the holding period set by the Board of Directors.

An executive corporate officer may not be granted performance shares at the time of his or her departure.

Performance conditions

The performance criteria cover all shares granted to the executive corporate officer.

They take into account:

- in part, **criteria for financial performance** based on:
  - growth in L'Oréal's comparable cosmetics net sales compared to a panel of L'Oréal's major direct competitors;
  - growth in L'Oréal's consolidated operating profit;

(1) *At sites operated by the Group, with the exception of safety and security equipment.*
(2) *Stores managed by L'Oréal and for which the Group holds an electricity contract.*

- in part, **criteria for non-financial performance** based on:
  - fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (hereinafter "L'Oréal for the Future Commitments"):
    - % of renewable energy[1] achieved by operated sites,
    - % of plastic packaging that comes from either recycled or biobased sources,
    - number of people benefitting from the Group's brands' social commitment programmes;
  - gender balance within strategic positions including the Executive Committee.

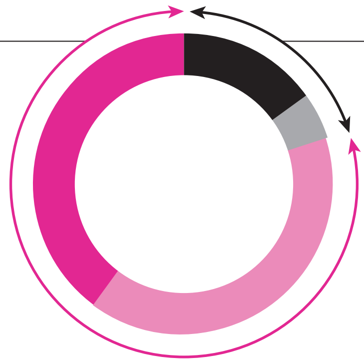
The Board of Directors considers that both these types of criteria, assessed over a period of three full financial years and reapplied to several plans, are complementary, in line with the objectives and specificities of the Group and likely to promote continuous, balanced and sustainable long-term growth. They are exacting but remain a source of motivation for the beneficiaries.

The shares are only fully vested at the end of a four-year period, allowing sufficient time to be able to assess the performance achieved over three full financial years.

DETAILS OF WEIGHTING OF CRITERIA FOR GRANTING PERFORMANCE SHARES

80% Financial criteria

- **40%** Sales
- **40%** Operating profit



20% Non-financial criteria

- **15%** CSR – L'Oréal for the Future programme
  - % renewable energy[1] achieved by operated sites
  - % plastic packaging from recycled or biobased sources
  - Number of people benefiting from Group brands' social commitment programmes
- **5%** Gender balance

Conditional vesting thresholds

Pursuant to the criterion relating to net sales, in order for all of the free shares granted to beneficiaries to be fully vested at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. If this is not achieved, the number of shares that fully vest is reduced. If L'Oréal's comparable growth in net sales is lower than the average growth in net sales of the panel of competitors, no shares will be fully vested under this criterion.

Pursuant to the criterion related to operating profit, a measure of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all free shares granted to be fully vested to the beneficiaries at the end of the vesting period. If this is not achieved, the number of shares that fully vest is reduced. If the operating profit does not increase in absolute value over the period, no shares will fully vest in relation to this criterion.

With regard to the criterion of fulfilling commitments made under the L'Oréal for the Future programme, in order for all the free shares granted to be fully vested to the beneficiaries at the end of the vesting period, a certain average level of achievement of the L'Oréal for the Future Commitments, defined by the Board and made public, must be reached over the vesting period. If this is not achieved, the grant is reduced. No shares will fully vest if the average of the results for the L'Oréal for the Future Commitments fall below the minimum level defined by the Board and made public.

Pursuant to the criterion relating to gender balance in strategic positions, in order for all the free shares granted to be fully vested to the beneficiaries at the end of the vesting period, the average gender quota in strategic positions must be a minimum of 40% of members that are the same gender. If this is not achieved, the grant is reduced. No shares will fully vest in relation to this criterion if the average representation of one of the genders is below 35% over the vesting period.

The results recorded each year to determine the levels of performance achieved are published in **chapter 7**.

(1) *At sites operated by the Group, with the exception of safety and security equipment.*

Performance shares in the event of departure

The right to performance shares is lost in the event of departure from the Group due to resignation (other than in the case of termination of corporate office in connection with the liquidation of statutory and compulsory supplementary pension schemes) or termination for gross misconduct or gross negligence. In the event of dismissal of an executive corporate officer, the Board will decide, pursuant to the AFEP-MEDEF Code, on the outcome of performance shares granted as from the appointment as executive corporate officer.

Where the benefit of performance shares granted to the executive corporate officer is maintained in the event of his or her departure prior to expiry of the vesting period, it is motivated by the following considerations:

- performance shares represent a predominant component of the executive corporate officer's annual remuneration assessed during the year of the grant;
- they are the consideration for the execution of his or her corporate office subject to the achievement of long-term performance;
- the maintenance thereof encourages the executive corporate officer to take a long-term view;
- the full vesting of the shares remains subject to achievement of the performance conditions; and
- some of the shares are subject to a two-year lock-up period.

Achievement of the performance conditions of the last three performance share plans

Performance share plan dated:	18 April 2019	14 October 2020	7 October 2021
Arithmetic average of performances across the 3 financial years concerned	**2020-2021-2022**	**2021-2022-2023**	**2022-2023-2024**
• For 50%: Growth in comparable sales compared to a panel of competitors*	+6.1 points	+6.7 points	+5.03 points
• For 50%: Growth in the Group's operating profit	+11.1%	+16.2%	+12.29%
Level of achievement of the performance conditions	**100%**	**100%**	**100%**

* *Panel of competitors: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.*

Other benefits

a) Remuneration for term of office as a Director

The executive corporate officer does not receive any remuneration for his/her position as a Director.

b) Benefits in addition to remuneration

Benefits in kind

There are no plans to supplement the executive corporate officer's fixed remuneration by granting benefits in kind.

The executive corporate officer benefits from the necessary material resources to carry out his/her duties such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, are not benefits in kind.

Additional social protection schemes

The executive corporate officer continues to be treated in the same way as a senior executive during the term of his/her corporate office, which allows him to continue to benefit from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees.

Illustration of the remuneration policy in financial year 2025: components of remuneration attributable to Nicolas Hieronimus, Chief Executive Officer

The structure of Nicolas Hieronimus' remuneration is in line with the principles developed in section 2.4.1.2.1. on the remuneration policy applicable to the executive corporate officer, and forms a balanced whole. If the 29 April 2025 Annual General Meeting approves the remuneration policy put forward in the sixteenth resolution, it will apply retroactively from 1 January 2025 in all aspects. The Board of Directors will use this remuneration policy to make its decisions on performance share grants in 2025.

	Amount	Description	
Fixed remuneration	€2,300,000 per annum	At its meeting of 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors proposed to the Annual General Meeting of 29 April 2025 to raise the fixed remuneration of Nicolas Hieronimus to the gross amount of €2,300,000 on an annual basis, i.e., an increase of 15%. As a reminder, the gross fixed remuneration was previously set at €2,000,000, unchanged since 2021.	
Annual variable remuneration	€2,600,000 per annum (target 113% of fixed remuneration) Maximum €3,000,000 per annum (130.4% of fixed remuneration)	The annual variable remuneration is designed to align the executive corporate officer's remuneration with the Group's annual performance and the implementation of its strategy year after year. The Board of Directors strives to constantly encourage the executive corporate officer to maximise performance for each financial year and to ensure that this performance is repeated and regular year after year. At its meeting on 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided that at the Annual General Meeting of 29 April 2025 it will ask the shareholders to increase the target and maximum amounts of the Chief Executive Officer's variable remuneration. If the Annual General Meeting approves this policy, it will apply to the Chief Executive Officer's variable remuneration for the whole of 2025.	
		Target annual variable remuneration is set at €2,600,000 and may represent up to €3,000,000 in the case of outperformance versus objectives.	
		Criteria for assessment of performance for 2025	**Weightings**
		• **Financial criteria**	**60%**
		• *Change in like-for-like sales as compared to the budget*	*15%*
		• *Change in sales growth differential as compared to main competitors*	*15%*
		• *Change in operating profit as compared to the budget*	*10%*
		• *Change in net earnings per share as compared to the budget*	*10%*
		• *Change in cash flow as a proportion of net profit*	*10%*
		• **Non-financial and qualitative criteria**	**40%**
		• *Quantifiable criteria: 25%*	
		– L'Oréal for the Future: sustainability commitments for 2030	10%
		– Human Resources: gender balance, development of talented employees, access to training	7.5%
		– Digital development	7.5%
		• *Individual qualitative performance: 15%*	
		– Management	7.5%
		– Image, company reputation, dialogue with stakeholders	7.5%
		The quantifiable, financial (60%) and non-financial (25%) criteria account for 85% of annual variable remuneration. The weighting of each of these criteria, both financial, non-financial and qualitative, and the targets to be met were set at the start of the year and communicated to the executive corporate officer. The assessment is made with no possibility to offset between criteria. For each of the financial criteria, underperformance is penalised at least as harshly as outperformance is rewarded.	
Performance shares		Concerning the granting of performance shares in 2025, the Board of Directors will be called upon to decide on the implementation of a new Plan within the scope of the authorisation approved by the Annual General Meeting of 23 April 2024. The grant that would be decided for Nicolas Hieronimus would comply with the recommendations of the AFEP-MEDEF Code. The value of the grant (estimated in accordance with IFRS), would represent approximately 50% of the executive corporate officer's annual remuneration without exceeding 60% of maximum annual remuneration. 50% of the performance shares granted to the Chief Executive Officer, with a four-year vesting period, are subject to a further holding period of two years. This holding period still applies in the case where the beneficiary ceases to be Chief Executive Officer before the end of the holding period. If the beneficiary continues to exercise his function as Chief Executive Officer beyond the end of the holding period, he will be required to hold his shares in a nominative account until the termination of his duties in accordance with section (II) of article L.225-197-1 of the French Commercial Code. Full vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a four-year vesting period as from the grant date. The number of vested shares will depend: • on growth in comparable sales versus those of a panel of competitors, which consists of Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao and Coty (40%); • on growth in the Group's consolidated operating profit (40%); • on the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (% of renewable energy achieved	

Amount	Description
	by operated sites[1]; % of plastic packaging that comes from either recycled or biobased sources; number of people benefitting from the Group's brands' social commitment programmes) (15%); and • on gender balance within strategic positions including the Executive Committee (5%). The calculation will be based on the arithmetical average for the three full financial years of the vesting period. The first full year taken into account for assessment of the performance conditions relating to this grant would be 2026.
Remuneration as a Director	Nicolas Hieronimus will not receive remuneration for his position as a Director.
Benefits in addition to remuneration	• **Benefits in kind** Nicolas Hieronimus will benefit from the material resources needed to carry out his duties, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use and may not be used for any private use, are not benefits in kind. • **Additional social protection schemes: defined contribution pension, employee benefit and healthcare schemes** Nicolas Hieronimus will continue to be treated in the same way as a senior executive during the term of his corporate office, which will allow him to continue to benefit from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees. The amount of the pension resulting from the employer's contributions for the defined contribution pension scheme will be deducted from the pension due in respect of the defined benefit pension in accordance with the provisions of this group scheme.

2.4.1.2.2 Remuneration policy applicable to the Chairman of the Board of Directors who does not hold the position of Chief Executive Officer

Annual fixed remuneration only

The Board of Directors, in accordance with the recommendation of the AFEP-MEDEF Code (Article 26.2), is proposing to the Annual General Meeting of 29 April 2025 that the exercise of the office of Chairman of the Board of Directors without assuming the office of Chief Executive Officer, should be remunerated only by fixed remuneration, excluding any variable remuneration, grant of performance shares or any indemnity related to departure or any consideration for a non-compete agreement.

The Board of Directors also decided that the office of Director held by the Chairman of the Board would not be remunerated.

The Chairman of the Board will benefit from the necessary material resources to carry out his duties such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, are not benefits in kind.

The Chairman of the Board will benefit from the same employee benefit scheme as the Company's senior executives.

Principles for determining annual fixed remuneration

The remuneration of the Chairman of the Board of Directors is determined based on the following components:

- the goals set by L'Oréal's Board of Directors for the performance of the statutory duties by Chairman of the Board of Directors who does not also hold the office of Chief Executive Officer duties;
- the Chairman's corporate governance and sustainable governance experience, expertise and reputation;
- specific duties assigned to the Chairman by the Board of Directors;
- competitiveness and level of the remuneration compared to that of a relevant reference panel put together by the consultancy firm Mercer.

Application to Jean-Paul Agon

At the 23 April 2024 Annual General Meeting, the Board of Directors proposed that, as from 1 May 2024, the annual fixed remuneration of Jean-Paul Agon, Chairman of the Board of Directors, be reduced to €950,000 from €1,600,000 previously.

This adjustment reflects the end of the three-year transition period after the roles of Chairman and Chief Executive Officer were separated. During this time, Jean-Paul Agon successfully led the handover of General Management responsibilities, in particular by expertly supporting Nicolas Hieronimus in his interaction with the Board of Directors, as part of the extended duties entrusted to the Chairman of the Board of Directors.

At the Annual General Meeting, the remuneration policy of the Chairman of the Board of Directors was approved by 97.90% of votes cast.

At the 29 April 2025 Annual General Meeting, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors is proposing to keep Jean-Paul Agon's annual fixed remuneration at the same amount, i.e., €950,000.

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

The Board of Directors has taken into account Jean-Paul Agon's full commitment to serving the governance of the Company and performing the specific duties set out in section 2.1.2.3. The Board is fully aware of the challenges of sustainable governance, notably in light of European legislative initiatives and the growing expectations of authorities and stakeholders.

It is essential for the Board that the Chairman remains committed and experienced with in-depth knowledge of the business, its environment and strategic challenges, and recognised for their expertise in governance issues and stakeholder relations.

The Board is satisfied that the fixed remuneration is competitive in comparison with an international reference panel that was put in place with the assistance of independent consultancy firm Mercer, by ensuring that it is higher than the median remuneration paid to the chairs of the Boards of Directors of 16 international benchmark companies.

Illustration of the remuneration policy in 2025: components of remuneration attributable to Jean-Paul Agon, Chairman of the Board of Directors

	Amount	Description
Fixed remuneration	€950,000	At its meeting of 13 March 2025, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors proposed to the Annual General Meeting of 29 April 2025 that Jean-Paul Agon's annual fixed remuneration be maintained at a gross amount of €950,000.
Benefits in addition to remuneration		• **Benefits in kind** Jean-Paul Agon will benefit from the material resources needed to carry out his duties such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use and may not be used for any private use, are not benefits in kind. • **Additional social protection schemes** The Chairman of the Board will benefit from the same employee benefit scheme as the company's senior executives.

2.4.1.2.3 Decision-making, review and implementation process for the remuneration of corporate officers

Remuneration is established in such a way as to guarantee the due and proper application of the policy and rules set by the Board of Directors. The Board relies on the work and recommendations of the Human Resources and Remuneration Committee, comprising six Directors, 60% of whom are independent Directors[1], including its Chairwoman, and one member who is a Director representing the employees. The executive corporate officer is not a member of the Committee. The Committee's recommendations are made taking into account the studies carried out at its request by an independent consultant.

The Human Resources and Remuneration Committee met five times in 2024 (see section 2.3.3 for details of its work during the year).

The Committee has the necessary information to prepare its recommendations and more particularly to assess the performance of the executive corporate officer in light of the Group's short- and long-term objectives.

This organisation and process are designed to prevent any conflicts of interest.

The Human Resources and Remuneration Committee uses the studies conducted by an independent consultancy firm

These studies were based on an international panel of leading global companies, which serves as a benchmark for comparative remuneration studies.

Executive corporate officer

This panel is made up of a range of leading global French and international companies that operate on similar markets and are L'Oréal's direct competitors in the cosmetics sector, or operate on the wider consumer goods, luxury or pharmacy markets for all or a portion of their business activities.

The panel applicable comprised executive corporate officers from the following 13 companies:

PANEL SELECTED FOR ANALYSIS OF THE POSITIONING OF THE REMUNERATION FOR THE CHIEF EXECUTIVE OFFICER

Beiersdorf	Colgate Palmolive	EssilorLuxottica	Estée Lauder
GSK	Henkel	Kenvue	Kering
LVMH	Novartis	Pepsico	Procter & Gamble
Unilever			

It is used to assess the competitiveness and structure of the executive corporate officer's total remuneration. This panel reports an overall average remuneration of €11,482,800 and an overall median remuneration of €10,420,500.

It should be noted that the Company's remuneration policy, especially that in place for senior executives, aims to position their remuneration between the median and the third quartile.

(1) *Excluding Directors representing the employees, in accordance with the AFEP-MEDEF Code.*

	Panel (target)				L'Oréal 2025 remuneration policy	
	Q1	**Median**	**Q3**	Average	Target	Maximum
Annual fixed and variable remuneration	€3,160,900	**€4,122,400**	**€4,935,700**	€4,128,800	€4,900,000	€5,300,000
Total annual remuneration (cash and long-term)	€7,634,300	**€10,420,500**	**€14,596,100**	€11,482,800	€9,800,000	€13,250,000

The studies conducted with the independent consultancy firm also enable the Committee to measure:

- the competitiveness and comparability of the overall remuneration versus this benchmark panel;
- the relevance over time of the overall remuneration structure and the objectives assigned;
- L'Oréal's comparative results in light of the criteria adopted by the Group to assess the executive corporate officer's performance; and
- the link between the executive corporate officer's remuneration and his or her performance.

Non-executive corporate officer

To determine the positioning of the Chairman's remuneration, a panel was defined with the help of an independent consultancy firm. It comprises 16 international companies, selected on the basis of governance, industry, size and nationality.

They are the following dual governance companies:

PANEL SELECTED FOR ANALYSIS OF THE POSITIONING OF THE REMUNERATION FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

AstraZeneca	AB In Bev	BASF	Bayer	Coty	Diageo
Estée Lauder	GSK	Henkel	Linde	Nestlé	
Novartis	Reckitt Benckiser	Roche	Starbucks	Unilever	

The analysis of the remuneration of chairs of boards of directors of companies in the benchmark panel, which includes five companies with two-tier governance structures already included in the benchmark panel for the executive corporate officer, reports average remuneration of €1,641,799 and median remuneration of €801,474, revealing large disparities.

The Human Resources and Remuneration Committee has all the useful internal information in its possession

This information enables it to assess the performance of the Company and that of its executive corporate officer both from a financial standpoint and in non-financial areas.

The Group's annual economic and financial results are presented each year in full and exhaustively to the members of the Human Resources and Remuneration Committee, and are used as a basis for the assessment of the financial performance criteria for the executive corporate officer's variable remuneration.

The principles of the Human Resources policy are regularly presented to the Committee members or at Board of Directors meetings by the Chief Human Relations Officer. The Directors are therefore able to verify the consistency between the remuneration of the executive corporate officer and the remuneration and employment conditions of the Company's employees.

Two members of the Human Resources and Remuneration Committee are members of the Strategy and Sustainability Committee, a body where the Group's social and environmental responsibility programmes are discussed.

This information contributes to the assessment of the non-financial and qualitative portion of annual variable remuneration.

The Committee can also carry out a more in-depth evaluation of the Company's performance by contacting the Company's main senior executives, after having informed General Management.

This information enriches their vision of the implementation of the strategy decided by the Board and performance of the Company and its executive corporate officer.

Recommendations are made on these bases to the Board of Directors, which then decides on the executive corporate officer's remuneration collectively, in accordance with the remuneration policy approved by the Annual General Meeting.

The organisation of the work of the Committee on the remuneration of the executive corporate officer is shown in the table below.

The Committee examines the expectations of investors and proxy advisors, and the rules and recommendations of the regulatory authorities

The Human Resources and Remuneration Committee carefully analyses the law and reports concerning executive remuneration, notably the report of the French financial markets authority (AMF) on corporate governance and the remuneration of executives of listed companies, and the report of the French High Committee on Corporate Governance (Haut Comité de Gouvernement d'Entreprise).

It is mindful of the observations and requests of investors and strives to accommodate them while preserving consistency in the remuneration policy adopted by the Board and subject to constraints relating to the confidentiality of certain information.

Adjustment of the remuneration policy in the event of exceptional circumstances

In accordance with Article L. 22-10-8 of the French Commercial Code, the Board of Directors can, in exceptional circumstances, deviate from the application of the remuneration policy, provided that the exemption applied is temporary and in line with the best interests of the Company or necessary to ensure the Company's continuity or viability. In this case, the Board of Directors would be able to grant an element of remuneration not provided for in the remuneration policy previously approved by the Annual General Meeting, but necessary in view of these exceptional circumstances.

The Board of Directors also has discretionary powers to adapt the remuneration policy if unforeseeable or exceptional circumstances so justify. For example, the recruitment of a new corporate officer under unforeseen conditions might require the temporary adaptation of certain existing remuneration components or the proposal of new ones. In this case, the Board of Directors would take into account the experience, expertise and remuneration of the executive concerned in order to propose extraordinary remuneration that may not exceed the amount of the benefits he or she would have had to relinquish by leaving his or her previous role.

It might also be necessary to amend, subject to compliance with the limits determined in the remuneration policy, the performance conditions governing the vesting of some or all of the existing remuneration components in the event of exceptional circumstances resulting from a significant change in the Group's scope following a merger or sale, the acquisition or creation of a significant new business activity or the elimination of a significant business activity, a change in accounting policy or a major event affecting the markets and/or L'Oréal's major competitors.

The Board of Directors makes its decisions on the recommendation of the Human Resources and Remuneration Committee and, when necessary, after obtaining the opinion of an independent consultancy firm.

It is specified that any such derogation may only be temporary, pending approval of the amended remuneration policy by the subsequent Annual General Meeting, and would be duly documented.

Clawback mechanism

To the extent permitted by law, in the event of an accounting fraud where the Chief Executive Officer was aware of the situation and the financial statements had to be restated, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors would reserve the right to (i) reduce or cancel any unvested performance shares or amounts of annual variable remuneration due, (ii) demand, within a period of three years, repayment of all or some of any annual variable remuneration paid, and/or (iii) seek damages.

2024 WORK SCHEDULE OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE CONCERNING THE REMUNERATION OF CORPORATE OFFICERS

February 2024	• **Recommendations on the remuneration of corporate officers for 2023:** • assessment of the Chief Executive Officer's variable annual remuneration for 2023 following a review of financial and non-financial results; • draft Say on Pay ex-post resolutions. • **Long-term incentive plan:** • recognition of the performance levels achieved for the expiring 2020 Plan for the Conditional Grants of Shares (ACAs). • **Presentation of the 2024 study on the remuneration of corporate officers:** • panel, balance and structure of remuneration, link between performance and remuneration. • **Recommendations concerning the 2024 remuneration policies:** • applicable to corporate officers (Chief Executive Officer and Chairman of the Board of Directors); • review of draft resolutions.
April 2024	• **Report on investor meetings on the remuneration policies for corporate officers**
June 2024	• **Initial report on the 2024 General Meeting season** and analysis of issues relating to the remuneration of corporate officers
October 2024	• **2024 ACAs Plan:** • proposed award for the Chief Executive Officer, with application of non-financial performance conditions. • **2025 remuneration policy:** • considerations in relation to the revision of the remuneration policy for the Chief Executive Officer.
December 2024	• **2025 remuneration policy:** • review of issues raised following initial discussions with investors and proxy advisors; • analysis of the benchmarking panel and the study on the Chief Executive Officer's remuneration with the assistance of the consultancy firm Mercer; • review of the broad guidelines for revising the remuneration policy of the Chief Executive Officer.

2.4.2 Remuneration of Directors and corporate officers for 2024

The information in this paragraph relating to the remuneration of L'Oréal's Directors and corporate officers (Directors, Chairman of the Board of Directors and Chief Executive Officer), as required by Articles L. 22-10-9 I and L. 22-10-34 I and II of the French Commercial Code, is subject to the approval of the Annual General Meeting of 29 April 2025 and is subject to a vote in the 11th to 13th resolutions.

2.4.2.1 Remuneration paid in or allocated in respect of 2024 to Directors

A total amount of €1,459,500, within the limits of the €1,700,000 budget approved by the Annual General Meeting of 21 April 2023, will be paid to the Directors for financial year 2024.

The Board of Directors met seven times in 2024 (including one unremunerated meeting) and 21 meetings of its Committees were organised.

The average attendance rates at meetings in 2024 were 99.2% for the Board of Directors, 100% for the Strategy and Sustainable Committee, 100% for the Audit Committee, 100% for the Nominations and Governance Committee and 82.9%[1] for the Human Resources and Remuneration Committee.

It should be noted that neither Jean-Paul Agon nor Nicolas Hieronimus receive any remuneration for their roles as Directors, and neither Jean-Paul Agon nor Nicolas Hieronimus receive any remuneration for their roles as directors of Group companies.

Directors	Remuneration awarded in respect of 2024 and paid in 2025 *(in euros)* 7 Board meetings (of which 6 paid), 21 Committee meetings	Remuneration awarded in respect of 2023 and paid in 2024 *(in euros)* 8 Board meetings (of which 6 paid), 18 Committee meetings
Jean-Paul Agon	0	0
Nicolas Hieronimus	0	0
Sophie Bellon	117,000	116,000
Françoise Bettencourt Meyers	117,000	98,600
Paul Bulcke	117,000	112,100
Patrice Caine	117,000	106,350
Fabienne Dulac	113,000	111,750
Belén Garijo(1)	13,900	81,025
Béatrice Guillaume-Grabisch	99,000	98,000
Thierry Hamel	85,000	77,000
Ilham Kadri	92,500	91,500
Jean-Victor Meyers	85,000	84,600
Nicolas Meyers	99,000	98,000
Virginie Morgon	129,000	127,000
Alexandre Ricard	94,600	84,600
Jacques Ripoll(2)	81,500	-
Benny de Vlieger	99,000	93,000
TOTAL	**1,459,500**	**1,379,525**

(1) *Belén Garijo left the Board at the close of the 23 April 2024 Annual General Meeting. She was unable to attend two meetings of the Committee of which she was a member in 2024.*
(2) *Jacques Ripoll joined the Board and the Audit Committee during 2024.*

(1) *Annual average, taking into account the fact that Belén Garijo was unable to attend two meetings of this Committee. Belén Garijo left the Board at the close of the 23 April 2024 Annual General Meeting.*

2.4.2.2 Remuneration paid in or allocated in respect of 2024 to Nicolas Hieronimus, Chief Executive Officer

2.4.2.2.1 Fixed remuneration

At its meeting of 8 February 2024, and on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided to maintain Nicolas Hieronimus's annual fixed remuneration at the gross amount of €2,000,000.

2.4.2.2.2 Annual variable remuneration

With regard to Nicolas Hieronimus's annual variable remuneration for 2024, the target was set at an annual gross amount of €2,000,000, or 100% of his fixed remuneration, with a maximum of 120% of fixed remuneration in the event of outperformance, or a gross amount of €2,400,000. This sum represents the maximum amount of variable remuneration that may be paid to him.

At its meeting on 8 February 2024, the Board of Directors had set the variable remuneration criteria applicable for 2024 and the respective weighting of such criteria. Financial criteria represent 60% of the variable remuneration while non-financial criteria represent 40%[1]. The financial criteria are directly correlated with the Company's economic performance indicators: growth in net sales and market share as compared to its main competitors, in operating profit, earnings per share (EPS) and cash flow.

On 13 March 2025, the Board of Directors, on the basis of the recommendations of the Human Resources and Remuneration Committee, assessed the performance of Nicolas Hieronimus. The achievement rate was 102.4% of the objectives, i.e., an achievement rate of 94.6% for financial criteria and 114.2% for non-financial and qualitative criteria.

It was thus decided that, in respect of annual variable remuneration for 2024, Nicolas Hieronimus would be awarded an amount of €2,048,500.

FINANCIAL TARGETS 2024 (60% OF TOTAL ANNUAL VARIABLE REMUNERATION)

Financial criteria	Weighting	2024 results	Payment rate Target 100% of the fixed amount Maximum 120%	Board appraisal
Like-for-like sales as compared to budget[1]	15%	€43,486.8m	**85%**	Performance below budget
Sales growth differential as compared to main competitors[2]	15%	+2 points	**110%**	Objective achieved
Operating profit as compared to the budget[1]	10%	€8,687.5m	**85%**	Performance below budget
Earnings per share[3] as compared to the budget[1]	10%	€12.66	**90%**	Performance below budget
Cash flow[4] as compared to the budget[1]	10%	€6,644.3m	**100%**	Performance in line with objective
RATE OF ACHIEVEMENT OF 2024 FINANCIAL TARGETS			**94.6%**	

(1) Budget not provided for reasons of confidentiality.
(2) Panel of competitors: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.
(3) Diluted share attributable to owners of the company per share excluding non-recurring items.
(4) Cumulative operating cash flow = Cash flow generated by operating activities less purchases of tangible and intangible assets.

(1) This paragraph incorporates information required by the CSRD (E1 GOV-3) for the sustainability report (section 4.1.1) by reference.

2024 NON-FINANCIAL AND QUALITATIVE TARGETS (40% OF TOTAL ANNUAL VARIABLE REMUNERATION)

Non-financial and qualitative criteria	Weighting	2024 performance indicators	Payment rate Target 100% of the fixed amount Maximum 120%	Board appraisal
CSR criteria: L'Oréal for the Future programme	10%	See indicators on the following pages	**105%**	Outperformance
Human Resources criteria	7.5%	See indicators on the following pages	**110%**	Outperformance
Digital development criteria	7.5%	See indicators on the following pages	**120%**	Outperformance Maximum reached
Qualitative criteria: Management	7.5%	See evaluation on the following pages	**120%**	Outperformance Maximum reached
Qualitative criteria: Image, company reputation, dialogue with stakeholders	7.5%	See evaluation on the following pages	**119%**	Outperformance
RATE OF ACHIEVEMENT OF 2024 NON-FINANCIAL AND QUALITATIVE TARGETS			**114.2%**	

TABLE OF NON-FINANCIAL AND QUALITATIVE ACHIEVEMENTS IN 2024

The Board of Directors, at its meeting of 13 March 2025, used the following indicators and achievements examined by the Human Resources and Remuneration Committee to determine the level of achievement of the non-financial and qualitative targets for 2024.

CSR criteria: L'Oréal for the Future programme	Weighting 10%	
The L'Oréal for the Future programme sets out the sustainability commitments for 2030 that L'Oréal defined in 2020, for which the 2024 achievements are summarised in the table in section 1.4.2.		
TRANSFORMING OUR BUSINESS	**2024 results**	**2023 results**
Climate		
• By 2025, 100% of the **energy used** by operated sites[1] will be **renewable**.	97%	*91%*
• By 2030, on average, we will have halved the greenhouse gas emissions per finished product **linked to the transportation** of products compared to 2016.	-13%	*-9.7%*
Water		
• By 2030, 100% of the **water used in industrial processes** will be recycled and reused.	53%	*Not avail.*
Biodiversity		
• By 2030, 100% of the ingredients in formulas and biobased packaging materials will be **traceable and come from sustainable sources**.	92%	*88%*
Resources		
• By 2030, 95% of the **ingredients in formulas** will be biobased, sourced from abundant minerals or from circular processes.	66%	*65%*
• By 2030, 100% of the **plastics used in packaging** will be from either **recycled or biobased sources.**	37%	*32%*
EMPOWERING OUR ECOSYSTEM IN OUR TRANSFORMATION		
• By 2030, all **Group products** will be **eco-designed**[2].	98%	*96%*
• By 2030, we will have helped **100,000 people** from disadvantaged communities **find employment**.	71,349	*37,284*

(1) At sites operated by the Group, apart from site safety and security equipment.
(2) Basis of calculation representing 73% of new or updated products in 2024, excluding items considered to be irrelevant, such as ad hoc animation and promotion products and regulatory compliance leading to changes that are not visible to consumers. Eco-designed products are new or updated products that have an improved environmental profile.

Human Resources criteria	Weighting 7.5%	
Gender Balance	**2024 Results**	**2023 Results**
• Improving gender balance, in particular in senior management.	• 32% of Executive Committee members are women. • 49% of strategic positions are held by women (strategic positions include Executive Committee positions, i.e., approximately 300 positions).	*32%* *48%*
	• 2024 Equileap ranking: France: 1st place International: 9th place	*1st place in France* *11th worldwide*
Talent Development		
• Results of the policy regarding the recruitment of both experienced and more junior talented employees, and talent development all over the world, in order to nurture local talent.	• 8th place in the Universum (business schools) global ranking. L'Oréal was ranked in the top 10 for the 5th consecutive year and placed second in the European companies ranking.	8th *2nd in Europe*
• Attractive, targeted, digital employer communication.	• Strong presence on social networks: 5.38 million followers on LinkedIn. • 135,000 entries for the 2024 edition of the Brandstorm international innovation competition open to young people under the age of 30	*4.77 million* *92,000 entries*
Access to training		
• 100% of employees to participate in training sessions every year.	• 100% of employees participated in learning sessions in 2024. Balance between face-to-face and e-learning: 41% of the total hours were completed via e-learning (e-learning modules, videos, virtual classes and webinars). Face-to-face format preferred for leadership and culture topics that require high added-value human interaction. • 41,700 employees trained in the "GenAI for all" e-learning module.	*100%* *N/A*

Digital development criteria	Weighting 7.5%
Increase in sales achieved in e-commerce	• **€12.27 billion** in net sales, i.e., 28.2% of Group net sales, up 7.8% in 2024. • Worldwide sales with **Amazon** are doubling every two years, with an annual growth rate of 35% in 2024.
Partnerships and innovation	**Innovation through GenAI:** the CreAItech Lab continues to be a controlled experimental ecosystem for evaluating different GenAI models and understanding how to deploy AI in the production process at Company level. Thousands of images were produced using CreAItech in 2024. **Innovation in Beauty Tech Services** • Launch in the United States of L'Oréal Paris Beauty Genius, an AI-powered personalised beauty assistant, representing a significant advance in our coaching services. Beauty Genius generated over 50,000 conversations by the end of 2024. L'Oréal's Beauty Tech services continued to enjoy strong growth in 2024, exceeding 110 million sessions across all platforms. **Media innovation** • Acceleration in the adoption of AI-based solutions: the share of investment in AI-based campaigns has risen from 14% to 41% (Google), resulting in better returns on advertising investment. By adopting AI-based solutions on YouTube and Meta platforms (e.g., Pmax, Advantage+ Shopping, etc.), the Group has observed an increase in the effectiveness of campaigns and better distribution between age bands. **Innovation in the beauty experience** • L'Oréal and Meta launched the New Codes of Beauty Creator Program to empower the next generation of 3D, computer generated imagery, augmented reality and AI creators and explore new creative frontiers in beauty. The programme builds on the success of over 50 brand collaborations and campaigns that have generated over 100 million views.
New consumer interaction models	• **Paid media:** L'Oréal is ranked no. 1 in terms of media market share. • **Advocated media:** L'Oréal has strengthened its leadership in the beauty influencer segment, with a 27.8% influencer market share (up 2 points on 2023). • Deployment of the **proprietary ROI BETIQ** tool in six countries in 2024, with A&P coverage of 2.7 billion. This programme is recognised by the industry as one of the leading return on investment programmes in the FMCG sector. • **1P Data:** high level of activation of first-party data, which now accounts for 15% of digital media spending (third-quarter 2024), enabling a better return on investment.

Digital development criteria	Weighting 7.5%
Continuation of the Company's digital transformation	• **6,900 digital experts** in a variety of roles, with the strongest growth in e-commerce and data. • Accelerating use of the secure **GenAI** platform, L'Oréal GPT, accessible to all L'Oréal employees (57,200 users, with more than 30,000 regular users each month over the last quarter).
L'Oréal for the Future and digital sustainability	• L'Oréal is recognised as a leader in **reducing the environmental impact of media and content**, with active participation and recognition within the World Federation of Advertisers (WFA) and AdNetZero. In collaboration with IMPACT+, L'Oréal won two "Campaign Ad Net Zero" awards. • The Group published its responsible advertising and marketing communications policies, clearly setting out its commitments to consumers through various marketing codes.
Gartner digital ranking/Industry recognition	• At the Cannes Lions 2024 International Festival of Creativity, four Group brands won 13 prizes: Maybelline, Mizani, Lancôme and CeraVe – which won 10 prizes including the Grand Prix for "Social & Influencer Marketing". • Asmita Dubey, Chief Digital and Marketing Officer, was named the World Federation of Advertisers (WFA) Global Marketer of the Year and is one of Forbes' five most influential CMOs of the year. • Gartner 2024 ranking: in the personal care category in the United States: Maybelline is the #1 Genius brand for the third year running. Eight brands in the Top 20 belong to the L'Oréal Groupe, a recognition of its digital leadership.

Qualitative criteria: Management	Weighting 7.5%

- Continuation of the renewal of the Executive Committee. High retention rate for the Top 300.
- Management of geopolitical crises.
- Transformation of the Group: Beauty tech & cultural transformation.
- Worldwide launch of the "Simplicity 2" programme.
- Pulse survey (internal employee engagement survey): 92% participation rate. Employee engagement rate measured at 79%.

Qualitative criteria: Image, Company reputation, Dialogue with stakeholders	Weighting 7.5%

- **Embodying the Group's global leadership in the beauty industry**
  - Opening keynote address at the Consumer Electronics Show (CES) in Las Vegas with Barbara Lavernos, a first for a beauty company.
  - Participation in the World Economic Forum in Davos.
  - Launch of The Value of Beauty Alliance in Brussels.
  - Participation in the China Development Forum in Beijing in the presence of the Chinese Prime Minister.
  - Keynote address at the Consumer Goods Forum in Chicago.
  - Launch of the unique partnership "De toutes beautés!" with the Louvre Museum.
  - Numerous articles published on L'Oréal's ambitious strategy in India (Le Figaro, Tribune du Dimanche, The Economic Times).
- **Sustainability**
  - For the eighth year running, L'Oréal was awarded a triple "A" rating for its environmental leadership by the CDP.
  - L'Oréal is the first beauty company to measure the environmental footprint of its retail operations using EcoDesignCloud.
  - L'Oréal and Chenavari created the Solstice fund to support decarbonisation efforts of industrial suppliers.
- **Innovation and Beauty Tech**
  - L'Oréal was awarded eight "Innovation Awards 2024" by the Consumer Electronics Show (CES).
  - L'Oréal acquired Gjosa, the start-up behind ground-breaking water-saving innovations.
  - L'Oréal launched Melasyl, a revolutionary molecule to treat localised pigmentation issues.
  - At VivaTech, L'Oréal unveiled Skin Technology, an advanced skin bioprinting technology, and CreAitech, an AI-generated content laboratory to stimulate creativity.
  - L'Oréal announced a partnership with Abolis and Evonik to deploy the next generation of biobased ingredients.
  - L'Oréal was placed in Fast Company's Top 50 "Best Workplaces for Innovators" list in 2024 and was named winner for the Beauty and Fashion category.
- **An employer committed to its employees, to diversity, equity and inclusion, and to younger generations**
  - L'Oréal announced the launch of a fourth employee shareholding plan.
  - L'Oréal Beauty of Inclusion Awards ceremony was held with Nicolas Hieronimus.
  - L'Oréal ranked no. 5 in the world and no. 1 in France in the 2024 FTSE Diversity & Inclusion index.
  - An event bringing together Paralympic athletes was supported by L'Oréal to mark the European Week for Employment of People with Disabilities.
  - Continuation of the L'Oréal for Youth and the L'Oréal For All Generations programmes.

Qualitative criteria: Image, Company reputation, Dialogue with stakeholders	Weighting 7.5%

- **Ethics**
  - L'Oréal was recognised for the 15th time as one of the "World's Most Ethical Companies" by the Ethisphere Institute.
  - Record turnout for the Ethics Day, with 35,000 participants worldwide.
  - Partnership with the Egyptian government, Fair Labor Association, International Labour Organization and industrial market players in the "Harvesting the Future Jasmine in Egypt" project to combat child labour and work towards fair remuneration.
- **Essentiality of beauty**
  - Launch of the "This is not a beauty podcast" podcast in partnership with The New York Times.
- **Highlighting the L'Oréal Groupe's French roots**
  - Visit to the Rambouillet plant by the Prime Minister.
  - The Group's participation in European Heritage Days. with many L'Oréal sites in France opening to the public.
- **Reputation and image of the Group and its teams with stakeholders:**
  - The seventh edition of L'Oréal Paris' "Walk your Worth" défilé took place at the Place de l'Opéra in Paris, marking the opening of Paris Fashion Week.
  - Keynote address on the theme of Progress at BIG, Europe's largest business event.
  - Barbara Lavernos included in the Next 40 Women ranking.
  - First participation of Ezgi Barcenas in Climate Week NYC as the Group's Chief Corporate Responsibility Officer.

2.4.2.2.3 Granting of performance shares

Pursuant in particular to Articles L. 225-197-1 and L. 22-10-8 of the French Commercial Code and the authorisation of the Annual General Meeting of 23 April 2024, the Board of Directors meeting on 10 October 2024, taking into account the performance of Nicolas Hieronimus and the share price valuation, decided to grant him 16,000 performance shares (ACAs – *Attributions Conditionnelles d'Actions*, existing conditional grants of shares), in accordance with the remuneration policy. Based on the IFRS used to prepare the consolidated financial statements, the estimated fair value of one performance share (ACAs) for the 10 October 2024 plan, which is applicable to Nicolas Hieronimus, is €358.49.

The estimated fair value, based on IFRS valuations, of the 16,000 performance shares (ACAs) granted in 2024 to Nicolas Hieronimus is therefore €5,735,840.

These shares will only vest, in whole or in part, once the performance conditions described below are met[1].

Performance conditions

Full vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a four-year vesting period as from the grant date.

The number of fully vested shares will depend on (i) growth in comparable cosmetics sales compared to the growth of a panel of competitors, which consists in 2024 of Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, and Coty (for 40%); (ii) on the growth in the Group's consolidated operating profit (for 40%); (iii) on the achievement of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (for 15%) and (iv) on a gender balance target in strategic positions including the Executive Committee (for 5%).

The calculation will be based on the arithmetical average for the three full financial years of the vesting period. The first full year taken into account for assessment of the performance conditions relating to this grant is 2025.

With regard to the sales criterion, in order for all the free shares granted to fully vest at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. If this is not achieved, the grant is reduced. If L'Oréal's comparable growth in net sales is lower than the average growth in net sales of the panel of competitors, no shares will be fully vested under this criterion.

With regard to the criterion relating to operating profit, in order for all the free shares granted to fully vest at the end of the vesting period, a level of growth defined by the Board but not made public for confidentiality reasons, must be achieved or exceeded. If this is not achieved, the grant is reduced. If the operating profit does not increase in absolute value over the period, no shares will fully vest in relation to this criterion.

With regard to the criterion of fulfilling commitments made under the L'Oréal for the Future programme, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, an average of 79% of the L'Oréal for the Future Commitments must be achieved during the vesting period. If this is not achieved, the grant is reduced. No shares will vest if the average level of achievement for the L'Oréal for the Future Commitments falls below 66%.

With regard to the criterion of gender balance in strategic positions, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, the average proportion of employees of each gender in strategic positions must be at least 40%. If this is not achieved, the grant is reduced. No shares will vest in relation to this criterion if the average representation of one of the genders is below 35% over the vesting period.

The figures recorded year on year to determine performance levels are published in chapter 7.

(1) *This section incorporates by reference information required by the CSRD (E1 GOV-3) for the sustainability report (section 4.1.1).*

Main features of the grant

This Plan allowed for 700,000 performance shares (ACAs), i.e., 0.1% of the share capital, to be granted to 2,742 beneficiaries.

The conditional grant of performance shares benefitting Nicolas Hieronimus in 2024 represents 2.29% of the total number of performance shares granted and 0.003% of the share capital as at 10 October 2024.

In addition, as a corporate officer, Nicolas Hieronimus will retain 50% of the shares that will fully vest at the end of the vesting period in registered form until the end of his term of corporate office.

Furthermore, Nicolas Hieronimus has undertaken not to use risk hedging instruments.

Nicolas Hieronimus was not awarded any other long-term incentives in 2024.

2.4.2.2.4 Remuneration as a Director

Nicolas Hieronimus does not receive any remuneration for his role as a Director. He does not receive any remuneration as a director of Group companies.

2.4.2.2.5 Additional social protection schemes

Nicolas Hieronimus continues to benefit, because of his classification as a senior executive during his term of office, from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees.

The amount of the employer's contributions to the employee benefit and healthcare schemes for 2024 amounted to €4,061.19, and the amount of the employer's contribution to the Defined Contribution Pension scheme amounted to €7,187.04.

Under the Defined Contribution Pension Scheme ("L'Oréal RCD"), the rights of which are strictly proportional to the contributions paid, and which benefits all employees of L'Oréal in France, the estimated amount of Nicolas Hieronimus's annual retirement pension at 31 December 2024 would be a gross amount of €7,276.

As for all other senior executives of the Group, the pension resulting from the employer contributions of the L'Oréal RCD will be deducted from the amount of the Pension Cover for the calculation of the life annuity potentially due under this plan so that these benefits are not combined.

As a reminder, the lifetime risk related to the plans resulting from Article 83, 2° of the French General Tax Code is borne by the insurer.

2.4.2.3 Remuneration paid or allocated to Jean-Paul Agon, Chairman of the Board of Directors

2.4.2.3.1 Fixed remuneration

At its meeting of 8 February 2024, and on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided to set Jean-Paul Agon's annual fixed remuneration at the gross amount of €950,000 with effect from 1 May 2024. This gross annual fixed remuneration previously amounted to €1,600,000.

2.4.2.3.2 Additional social protection schemes

The Chairman of the Board is eligible for the same employee benefit scheme as the Company's senior executives.

Employer contributions to his employee benefit plans amounted to €3,125.04.

2.4.2.4 Pay ratios and annual changes in L'Oréal's remuneration, ratios and performance over five years

	2020	2021	2022	2023	2024
Remuneration of the Chief Executive Officer, Nicolas Hieronimus (€)		7,768,780[1]	10,395,600[2]	10,583,320[2]	9,985,840[2]
Change/Y-1		*Not disclosed*		*+1.81%*	*-5.65%*
L'Oréal company average ratio		77	99	84	76
Change/Y-1		*Not disclosed*	*+22 points*	*-15 points*	*-8 points*
L'Oréal company median ratio		110	137	123	111
Change/Y-1		*Not disclosed*	*+17 points*	*-14 points*	*-12 points*
Remuneration of the Chairman, Jean-Paul Agon (€)		1,600,000[3]	1,600,000	1,600,000	1,166,667
Change/Y-1		*Not disclosed*	*0%*	*0%*	-27.08%
L'Oréal company average ratio		16	15	13	9
Change/Y-1		*Not disclosed*	*-1 point*	*-2 points*	*-4 points*
L'Oréal company median ratio		23	21	19	13
Change/Y-1		*Not disclosed*	*-2 points*	*-2 points*	*-6 points*
L'Oréal company average remuneration (€)	104,896	100,694	104,848	126,323	131,124
Change/Y-1	*+3.90%*	*-4.01%*	*+4.13%*	*Not comparable*[4]	*Not comparable*[4]
L'Oréal company median remuneration (€)	72,216	70,729	75,878	85,880	90,084
Change/Y-1	*+5.10%*	*-2.06%*	*+7.28%*	*Not comparable*[4]	*Not comparable*[4]
Group sales (€m)	27,992.10	32,287.6	38,260.6	41,182.5	43,486.8
Change/Y-1 (like-for-like)	*-4.10%*	*+16.1%*	*+10.9%*	*+11.0%*	*+5.6%*
Group operating profit (€m)	5,209.00	6,160.3	7,456.9	8,143.3	8,687.5
Change/Y-1	*-6.10%*	*+18.3%*	*+21.0%*	*+9.2%*	*+6.7%*

(1) The remuneration of Nicolas Hieronimus, Chief Executive Officer from 1 May 2021, comprises a fixed remuneration component expressed on an annual basis and a performance share award. For the record, no annual variable remuneration was paid to Nicolas Hieronimus in 2021, as his position of Corporate Officer took effect on 1 May 2021.

(2) Nicolas Hieronimus' annual remuneration consists of fixed remuneration, variable remuneration paid in April year Y for financial year Y-1 (expressed on an annual basis for 2022), and a performance share award.

(3) The remuneration of Jean-Paul Agon, Chairman of the Board from 1 May 2021, comprises a fixed remuneration component expressed on an annual basis.

(4) Given the changes to L'Oréal's organisational structure in France (the transfer in 2023 and 2024 of certain L'Oréal SA activities to subsidies), a proportion of the L'Oréal SA workforce has been transferred to new entities, making the comparison of median and average remuneration for 2022/2023 and 2023/2024 non-meaningful.

Methodology used for calculating ratios

Pursuant to Article L. 22-10-9 of the French Commercial Code, for the calculation of average and median remuneration, the scope used is that of L'Oréal SA, which comprises 6,447 employees as at 31 December 2024[(1)] (i.e., 40.9% of the L'Oréal workforce in France), 5,288 of whom are managers, 1,132 are supervisors and 27 are administrative staff and workers.

For reasons of comparability, and in accordance with the recommendations of AFEP[(2)], the number of employees selected for the calculation of average and median remuneration corresponds to a full-time equivalent workforce continuously present over 24 months, excluding corporate officers. Remuneration is calculated on the basis of all amounts paid and performance shares granted during the financial year in question.

The components of executive remuneration used in the calculation are:

- the annual fixed remuneration paid in 2024 (on an annual basis);
- the annual variable remuneration paid in 2024 (on an annual basis);
- the performance shares valued on the grant date in 2024 in accordance with the IFRS as in the preparation of the consolidated financial statements.

The elements composing employee remuneration used in the calculation are:

- annual fixed remuneration paid in 2024;
- annual variable remuneration paid in 2024;
- other components of annual remuneration paid in 2024;
- the performance shares granted in 2024 valued in accordance with the IFRS applied for the preparation of the consolidated financial statements;
- the gross amounts paid under profit-sharing and incentives plans in 2024.

2.4.3 Termination indemnities and supplementary pension scheme applicable to corporate officers

The termination indemnities and supplementary pension scheme for which L'Oréal's corporate officers may be eligible, provided they are former senior executives of the company with more than 15 years of service, are not related to their positions as corporate officers, but could be due under the suspended employment contract.

Therefore, they are not subject to the approval of the Annual General Meeting of 29 April 2025 under the 16th resolution.

Shareholders approved the agreement suspending the executive corporate officer's employment contract at the Annual General Meeting of 20 April 2021.

2.4.3.1 Maintenance of the employment contract and separation of the benefits attached to the corporate office and the employment contract

The AFEP-MEDEF Code, which L'Oréal uses as the corporate governance code of reference, recommends, but does not enforce, that companies should cease combining employment contracts with a corporate office.

L'Oréal's Board of Directors has the same objective as this recommendation, which aims at avoiding benefits being simultaneously obtained from both the employment contract and the corporate office, and at preventing any interference with the removal of executive corporate officers *ad nutum*. The Board of Directors has formally provided for application of the objectives of the recommendation, in a way that is adapted to the L'Oréal Groupe's situation.

The Board's intention is to use the treatment set out below for any new corporate officer appointed who has over 15 years of service in the Group at the time of his or her appointment.

As L'Oréal's ongoing policy is to appoint employees who have been very successful in the various stages of their careers in the Group as executive corporate officers, the Board does not want these executives to be deprived of the benefits to which they would have continued to be entitled had they remained employees, after spending many years of their career at L'Oréal.

The Board of Directors has considered that the objective of the AFEP-MEDEF Code's recommendations could be fully achieved by maintaining the suspension of the employment contract and clearly separating the benefits related to the corporate office from those relating to the employment contract.

Remuneration in respect of the corporate office will in no event be taken into consideration in the calculation of benefits that may be due under the employment contract.

The reference remuneration to be taken into account for all rights attached to the employment contract, in particular, for the calculation of the pension under the defined benefit scheme is based on the amount of remuneration at the date of suspension of the employment contract. This reference remuneration is revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund (Caisse Nationale d'Assurance Vieillesse). The seniority applied will cover the entire career within the Group, including the years spent as an executive corporate officer.

(1) *It is reminded that, with effect from 1 July 2023, L'Oréal SA transferred certain activities to the L'Oréal France and L'Oréal LID, as approved by the Annual General Meeting of 21 April 2023 in its 19th and 20th resolutions. Following these operations, the employees involved in the activities transferred to L'Oréal France and L'Oréal LID are employees of the companies L'Oréal France and L'Oréal LID. See section 1.1.4.*

(2) *Pay ratios by region are provided in chapter 4, calculated using a different method than that recommended by the AFEP because the method used meets the requirements of the Corporate Sustainability Reporting Directive (CSRD).*

2.4.3.2 Dismissal, termination or retirement indemnities, financial consideration for the non-competition clause

In the event of termination of the suspended employment contract during the exercise of the term of corporate office, and depending on the reasons for such termination, the executive corporate officer would only be paid termination indemnities, except in the event of gross misconduct or gross negligence, or retirement indemnities in the event of voluntary retirement or retirement at the Company's request pursuant to the suspended employment contract excluding any indemnity due in respect of the corporate office.

These indemnities, which are attached solely to termination of the employment contract and in strict application of the National Collective Bargaining Agreement for the Chemical Industries (*Convention Collective Nationale des Industries Chimiques*) and the company-level agreements applicable to all L'Oréal managers, are automatically due pursuant to the public policy rules of French labour law. They are not subject to any condition other than those provided for by the National Collective Bargaining Agreement for the Chemical Industries or the above-mentioned company-level agreements.

In the event of termination of the employment contract, financial consideration for the non-compete clause would be paid under the terms of said contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries, unless the executive corporate officer were to be released from application of the clause. This clause does not apply in the event of voluntary retirement or compulsory retirement on the Company's initiative: no consideration for non-competition would be paid in such a situation.

2.4.3.3 Defined benefit pension scheme

The executive corporate officer, subject to ending his or her career in the Company, will benefit from one of the defined benefit schemes currently applicable to the Group's senior executives. This is the scheme to which he or she was subject as an employee.

As a reminder, the rights to the defined benefit pension are uncertain and conditional on the completion of the beneficiary's career in the Company. These schemes were established by L'Oréal primarily with the goal of attracting and retaining the Company's senior executives by guaranteeing them a certain level of resources in retirement.

These schemes falling under Article L. 137-11 of the French Social Security Code, are now closed to any new beneficiaries and no longer create rights as from 31 December 2019 pursuant to French Order no. 2019-697 of 3 July 2019 on professional supplementary pension schemes that transposes the European Directive of 16 April 2014.

These schemes concern more than 500 of L'Oréal's active or retired senior executives, in France, and are financed by contributions paid to an insurance institution. These contributions are deductible from the corporate income tax and are subject to the employer's contribution as provided by Article L. 137-11, 2a) of the French Social Security Code at a rate of 24%.

In the light of the legal characteristics of defined benefit pension schemes (the rights only accrue if the beneficiary ends his career in the Company and the financing of this scheme cannot be broken down individually by employee) and on account of the characteristics specific to the L'Oréal schemes, known as "differential" schemes since they take into account, in order to supplement them, all the other pensions such as those resulting, inter alia, from the French basic and supplementary pension schemes, the precise amount of the pension annuity will in fact only be calculated on the date when the beneficiary applies for all his pensions.

2.4.3.4 Application of the related-party agreements scheme

The above provisions are subject to the procedure for related-party agreements.

For Nicolas Hieronimus, an agreement suspending his employment contract was approved by the Annual General Meeting of 20 April 2021 (15th resolution). This mechanism is restated every year in the present chapter and in the Statutory Auditors' special report on related-party agreements.

2.4.3.5 Situation of Nicolas Hieronimus

The Board of Directors at its meeting of 20 April 2021 appointed Nicolas Hieronimus, the then Deputy Chief Executive Officer in charge of Divisions, and an employee of L'Oréal, as Chief Executive Officer following a brilliant career spanning 34 years within L'Oréal. The Board of Directors did not wish for Nicolas Hieronimus, by accepting the role of Chief Executive Officer, to lose (at the age of 57 and after 34 years with L'Oréal) the benefits to which he would have continued to be entitled had he remained an employee. Therefore, the Board adopted the following measures, which were approved by the Annual General Meeting of 20 April 2021 as part of the procedure for related-party agreements:

1. Maintenance of the employment contract and separation of the benefits attached to the corporate office and the employment contract

The reference remuneration of Nicolas Hieronimus to be taken into account for all rights attached to the employment contract and, in particular, for the calculation of the pension under the defined-benefit scheme described below, is based on his remuneration at the date of suspension of his employment contract. This reference remuneration is €1,750,000 of fixed remuneration and €1,850,000 of variable remuneration. This remuneration will be revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund (Caisse Nationale d'Assurance Vieillesse). As at 1 January 2025, it was €1,993,250 for fixed remuneration and €2,107,150 for variable remuneration.

The seniority applied covers his entire career within the Group, including the years spent as an executive corporate officer.

2. Dismissal, termination or retirement indemnities, financial consideration for the non-competition clause

In the event of termination of his suspended employment contract during the exercise of the term of corporate office, and depending on the reasons for such termination, Nicolas Hieronimus would only be paid termination indemnities, except in the event of gross misconduct or gross negligence, or retirement indemnities in the event of voluntary retirement or at the Company's request pursuant to the suspended employment contract.

These indemnities, which are attached solely to termination of the employment contract and in strict application of the National Collective Bargaining Agreement for the Chemical

Industries (*Convention Collective Nationale des Industries Chimiques*) and the company-level agreements applicable to all L'Oréal managers, are automatically due pursuant to the public policy rules of French labour law. They are not subject to any condition other than those provided for by the National Collective Bargaining Agreement for the Chemical Industries or the above-mentioned Company-level agreements. The same applies to the non-compete clause and the related financial consideration.

Pursuant to the scale of indemnities under the National Collective Bargaining Agreement for the Chemical Industries, in the event of dismissal, except in the event of gross misconduct or gross negligence, the indemnity would be capped, in light of Nicolas Hieronimus' length of service, at 20 months' remuneration under the suspended employment contract.

In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries and in the event of termination of the employment contract, the indemnity due in consideration of the non-compete clause would be payable monthly for two years on the basis of two thirds of the monthly fixed remuneration attached to the suspended employment contract unless Nicolas Hieronimus were to be released from application of the clause. This clause does not apply in the event of voluntary retirement or compulsory retirement on the Company's initiative: no consideration for non-competition would be paid in such a situation.

3. Defined benefit pension scheme

Nicolas Hieronimus will continue to benefit, under his suspended employment contract during the exercise of the corporate office, from the *Garantie de Ressources des Retraités Anciens Cadres Dirigeants* scheme (Retirement Income Guarantee for Former Senior Executives), which has been closed to new members effective from 31 December 2015. The income guarantee is calculated on the basis of the number of years of professional service in the Company up to 31 December 2019, up to a limit of 25 years. Generally, after 31 December 2019, no new rights are granted under this scheme, pursuant to French Order no. 2019-697 of 3 July 2019 concerning supplementary professional retirement schemes, which stipulated the closure of all defined benefit schemes governed by Article L. 137-11 of the French Social Security Code.

The main features of this scheme are as follows:

- around 340 senior executives (active or retired) are concerned;
- the minimum length of service requirement was 10 years at the time of closure of the scheme on 31 December 2015;
- the income guarantee is calculated on the basis of the number of years of professional service in the Company until 31 December 2019, capped at 25 years, each year leading to a progressive and regular increase of 1.8% in the level of the guarantee. The pension cannot exceed 50% of the calculation base or exceed the average of the fixed part of wages;
- the guarantee is financed by contributions paid to an insurance institution. These contributions are deductible from corporate income tax and are subject to the employer's contribution as provided for in Article L. 137-11, 2a) of the French Social Security Code at a rate of 24%.

The pension rights of Nicolas Hieronimus are no longer likely to change insofar as he has more than 25 years of service, the ceiling above which no additional annuity is granted under this scheme. For information purposes, the gross estimated pension amount to be paid to Nicolas Hieronimus after 37 years of service within L'Oréal, under L'Oréal's *Garantie de Ressources des Retraités Anciens Cadres Dirigeants scheme* (Retirement Income Guarantee for Former Senior Executives), had he been able to liquidate on 31 December 2024 his full-rate pension rights under French Social Security, would represent €1.71 million.

This information is given as an indication after estimating the main pension rights accrued by Nicolas Hieronimus as a result of his professional activities, according to the rules for payment of such pensions in force at 31 December 2024, which may be subject to change. The amount of the pension paid to Nicolas Hieronimus under L'Oréal's income guarantee for senior executives (*Garantie de Ressources Dirigeants*) will only be calculated on the date when he applies for all his pensions.

As a reminder, the rights to the defined benefit pension are uncertain and conditional on the completion of the beneficiary's career in the Company. The financing of this scheme by L'Oréal cannot be broken down individually by employee.

2.4.3.6 Situation of Jean-Paul Agon

Jean-Paul Agon notified the Company of the termination of his employment contract on 30 April 2021, in order to be able to draw his retirement benefits as from 1 May 2021, following a 42-year career with the organisation. Under his suspended employment contract, Jean-Paul Agon is entitled to draw the pension cover for members of the Comité de Conjoncture (*garantie de retraite des membres du comité de conjoncture*), a supplementary pension scheme that closed on 31 December 2000.

The annuity entitlement under this scheme was approved, in the context of the related-party agreements procedure, by the Annual General Meeting of 27 April 2010 and by the Annual General Meeting of 17 April 2018. In accordance with the remuneration policy applicable to Jean-Paul Agon in his position as Chairman of the Board of Directors, he irrevocably waived his right to receive all retirement annuity arrears resulting from this scheme from 1 May 2021 to 30 April 2024.

Jean-Paul Agon has received this pension annuity since 1 May 2024.

1. AMF summary table

The table set out below, presented in the form recommended by the French Financial Markets Authority (AMF), clearly shows that there are no concurrent benefits under the suspended employment contract and the corporate office. It is also stated that the AMF considers that a company complies with the AFEP-MEDEF Code when it explains the maintenance of the employment contract of a corporate officer as an employee in the Company and his or her personal situation and provides detailed substantiation in this respect[(1)].

	Employment contract		Supplementary pension scheme		Indemnities or benefits due or which may become due as a result of termination or change of duties		Indemnities relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Paul Agon Chairman of the Board		X		X		X		X
Nicolas Hieronimus Chief Executive Officer	X[(1)]		X[(2)]			X[(3)]	X[(4)]	

(1) Nicolas Hieronimus has been a Director since 20 April 2021, and has served as Chief Executive Officer since 1 May 2021. Nicolas Hieronimus' employment contract is suspended for the entire length of his executive corporate office. This suspension was approved by the Annual General Meeting on 20 April 2021.

(2) Nicolas Hieronimus belongs to a Garantie de Ressources des Retraités Anciens Cadres Dirigeants scheme (Retirement Income Guarantee for Former Senior Executives), which is detailed in section 2.4.3.5. This defined benefit pension scheme makes the granting of entitlement to benefits conditional on the beneficiary finishing their career in the company; L'Oréal does not finance them on an individual basis per employee.

(3) No indemnity is due for termination of the corporate office. Under the employment contract, pursuant to the schedule of indemnities of the French National Collective Bargaining Agreement for the Chemicals Industry, in the event of dismissal, except in the event of gross misconduct or gross negligence, the dismissal indemnity may not be greater than 20 months of the remuneration payable under the employment contract (see section 2.4.3.4. on the cumulative amount of the contractual indemnity and the indemnity due in consideration of the non-compete clause).

(4) In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries, in the event of termination of the employment contract (excluding voluntary or compulsory retirement), the indemnity due in consideration of the non-compete clause would be payable every month for two years on the basis of two thirds of the monthly fixed remuneration related to the employment contract unless the executive corporate officer were to be released from application of the clause (see section 2.4.3.4. on the accumulated amount of the convention indemnity and the indemnity due in consideration of the non-compete clause).

2.4.4 Summary table of the remuneration of Jean-Paul Agon, Chairman of the Board of Directors

	2024		2023	
In €	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	1,166,667	1,166,667	1,600,000	1,600,000
Annual variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration for term of office as a Director	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	**1,166,667**	**1,166,667**	**1,600,000**	**1,600,000**

SUMMARY TABLE OF REMUNERATION AND PERFORMANCE SHARES GRANTED TO JEAN-PAUL AGON, CHAIRMAN OF THE BOARD OF DIRECTORS

In €	2024	2023
Remuneration due in respect of the financial year	1,166,667	1,600,000
Value of performance shares granted during the financial year	N/A	N/A
TOTAL	**1,166,667**	**1,600,000**

HISTORY OF THE STOCK OPTIONS GRANTED TO JEAN-PAUL AGON SINCE HIS APPOINTMENT AS A CORPORATE OFFICER THAT CAN STILL BE EXERCISED AT 31 DECEMBER 2024

N/A.

TABLE OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY JEAN-PAUL DURING FINANCIAL YEAR 2024

N/A.

(1) AMF, Recommendation no. 2012-02, last updated on 14 December 2023.

HISTORY OF CONDITIONAL GRANTS OF SHARES (ACAS) TO JEAN-PAUL AGON SINCE HIS APPOINTMENT AS A CORPORATE OFFICER

Grant date	Number of ACAs granted	Performance conditions(3)	Grant value (IFRS fair value)	Date of full vesting of all or part of the ACAs	Number of fully vested shares	First possible date of sale of a portion of these(4)
17 April 2012(1)	50,000	Yes	3,853,500	18 April 2016	50,000	18 April 2018
26 April 2013(1)	40,000	Yes	4,494,800	27 April 2017	40,000	27 April 2019
17 April 2014(1)	40,000	Yes	4,183,200	18 April 2018	40,000	18 April 2020
22 April 2015(1)	32,000	Yes	5,167,680	23 April 2019	26,432	23 April 2021
20 April 2016(2)	32,000	Yes	4,938,240	21 April 2020	32,000	21 April 2020
20 April 2017(2)	32,000	Yes	5,340,800	21 April 2021	26,544	21 April 2021
17 April 2018(2)	30,000	Yes	5,285,100	18 April 2022	30,000	18 April 2022
18 April 2019(2)	24,000	Yes	5,430,000	19 April 2023	24,000	19 April 2023

(1) *At the end of the vesting period, Jean-Paul Agon, as a French resident on the date of granting the shares, is required to hold the fully vested shares for an additional two-year period during which the shares may not be transferred.*
(2) *The 20 April 2016, 20 April 2017, 17 April 2018 and 18 April 2019 Plans set a four-year vesting period, without any holding period.*
(3) *See the performance conditions described in chapter 7 of this document.*
(4) *Jean-Paul Agon, as corporate officer, shall retain 50% of the fully vested shares in registered form until the termination of his duties. Jean-Paul Agon has undertaken not to enter into any hedging transactions.*

At 31 December 2024, none of the shares granted to Jean-Paul Agon under ACAs Plans were still in their vesting period, because at that date the vesting periods of all the shares granted to him under ACAs Plans in the past had expired.

TABLE OF PERFORMANCE SHARES THAT BECAME AVAILABLE DURING 2024 FOR JEAN-PAUL AGON

N/A.

2.4.5 Summary table of the remuneration of Nicolas Hieronimus, Chief Executive Officer

	2024		2023	
In €	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	2,000,000	2,000,000	2,000,000	2,000,000
Annual variable remuneration	2,048,500	2,250,000	2,250,000	2,260,000
Exceptional remuneration	-	-	-	-
Remuneration for term of office as a Director	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	**4,048,500**	**4,250,000**	**4,250,000**	**4,260,000**

SUMMARY TABLE OF REMUNERATION AND PERFORMANCE SHARES AWARDED TO NICOLAS HIERONIMUS, CHIEF EXECUTIVE OFFICER

In €	2024	2023
Remuneration due in respect of the financial year	4,048,500	4,250,000
Value of performance shares granted during the financial year	5,735,840	6,323,320
TOTAL	**9,784,340**	**10,573,320**

HISTORY OF THE STOCK OPTIONS GRANTED TO NICOLAS HIERONIMUS SINCE HIS APPOINTMENT AS A CORPORATE OFFICER THAT CAN STILL BE EXERCISED AT 31 DECEMBER 2024

N/A.

TABLE OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY NICOLAS HIERONIMUS DURING FINANCIAL YEAR 2024

N/A.

HISTORY OF CONDITIONAL GRANTS OF SHARES (ACAS) TO NICOLAS HIERONIMUS SINCE HIS APPOINTMENT AS A CORPORATE OFFICER

Grant date	Number of ACAs granted	Performance conditions[1]	Grant value (IFRS fair value)	Date of full vesting of all or part of the ACAs	Number of fully vested shares	First possible date of sale of a portion of these[2]
7 October 2021	17,000	Yes	5,768,780	8 October 2025	NA[3]	8 October 2025
13 October 2022	20,000	Yes	6,066,600	14 October 2026	N/A	14 October 2026
13 October 2023	17,000	Yes	6,323,320	14 October 2027	N/A	14 October 2027
10 October 2024	16,000	Yes	5,735,840	11 October 2028	N/A	11 October 2028

(1) See the performance conditions described in chapter 7 of this document.
(2) Nicolas Hieronimus, as corporate officer, shall retain 50% of the fully vested shares in registered form until the end of his term of corporate office. Nicolas Hieronimus has undertaken not to enter into any hedging transactions.
(3) Details of the achievement of the performance conditions and a reminder of the conditions of the plan are disclosed in section 7.4.3.5.

TABLE OF PERFORMANCE SHARES THAT BECAME AVAILABLE DURING 2024 FOR NICOLAS HIERONIMUS

N/A.

2.5 Summary table of AFEP-MEDEF Code recommendations that are not applied

AFEP-MEDEF Code recommendations	L'Oréal's practices and justifications
Committee composition: proportion of independent members of the Committees (sections 17.1 and 18.1 of the AFEP-MEDEF Code)	
The Appointments or Nomination Committee and the Remuneration Committee should comprise a majority of independent Directors.	At 31 December 2024, the Nominations and Governance Committee comprised 50% independent Directors. The Committee is chaired by Patrice Caine, an independent Director. The composition of the Nominations and Governance Committee (i) reflects the balance of the Board of Directors' composition, in particular the membership of Directors from or related to long-term shareholders, and (ii) contributes to the effectiveness of this Committee's work. All of the members of the Nominations and Governance Committee participate in its work, and there is a strong sense of commitment and total freedom of judgement within the Committee. The composition of this Committee, and in particular the proportion of independent Directors, is reviewed annually to ensure optimal governance in the best interests of all shareholders and taking into account L'Oréal's specific characteristics.
Employment contract of the corporate officer (sections 23 and 25 of the AFEP-MEDEF Code)	
It is recommended, though not required, that when a senior executive becomes a Director and corporate officer of the Company, his/her employment contract with the Company or another company of the Group should be terminated by agreed termination or by resignation. **When agreement is reached, it is likely to include a clause authorising the Board to waive the application of this non-compete agreement at the time of the manager's departure. No non-compete remuneration may be paid beyond the age of 65.**	The Board of Directors considered that the objective of the AFEP-MEDEF Code's recommendations is could be fully achieved by maintaining the suspension of the employment contract and clearly separating the benefits related to the employment contract from those tied to corporate office. This position of the Board applies to the current office of Nicolas Hieronimus as Chief Executive Officer and, in the future, to any new executive officer appointed who has over 15 years of service in the Group at the time of appointment. L'Oréal's ongoing policy has been to appoint employees who have been very successful in the various stages of their career in the Group as corporate officers. This is reflected in Nicolas Hieronimus's appointment as Chief Executive Officer from 1 May 2021, after a very successful career in the Group over the previous 34 years. The Board of Directors noted that if, in accordance with the AFEP-MEDEF recommendation, his employment contract with L'Oréal were to be terminated, Nicolas Hieronimus would lose the status he acquired as a result of the 34 years he spent working for the Group as an employee. The French Financial Markets Authority (AMF), in its Recommendation 2012-02 last updated on 14 December 2023, considers that a senior executive's length of service as a company employee and their personal situation may justify maintaining their employment contract if the company provides explanations adapted to the individual situation of each executive (length of service and description of the benefits granted under the employment contract). In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries and in the event of termination of the employment contract, the indemnity due in consideration of the non-compete clause would be payable monthly for two years on the basis of two thirds of the monthly fixed remuneration attached to the suspended employment contract unless Hieronimus were to be released from application of the clause. This clause does not apply in the event of voluntary retirement or compulsory retirement on the Company's initiative: no consideration for non-competition would be paid in such a situation.

2.6 Summary statement of trading by Directors and corporate officers in L'Oréal shares in 2024

(Article 223-26 of the General Regulation of the French Financial Markets Authority)

Person concerned	Description of the financial instrument	Nature of transaction	Number of transactions	Total amount
Jean-Paul Agon, Chairman of the Board of Directors.	Shares	Sale	4	€17,881,280
Nicolas Hieronimus, Chief Executive Officer	Shares	Full vesting of free shares granted subject to performance conditions (ACAs)*	1	€0.00
	Shares	Sale	1	€4,408,900
	Shares	Contribution**	2	15,000 shares Unit price: €331.15
	Shares	Bare ownership, received via gifting***	2	€0.00
Company (Prince Invest) related to Nicolas Hieronimus (Chief Executive Officer and a Director)	Shares	Beneficiary of a contribution in kind**	1	7,500 shares Unit price: €331.15
Company (Galaxian Invest) related to Nicolas Hieronimus (Chief Executive Officer and a Director)	Shares	Beneficiary of a contribution in kind**	1	7,500 shares Unit price: €331.15
Person related (heir in the direct line of succession) to Nicolas Hieronimus (Chief Executive Officer and a Director)	Shares in a company that owns L'Oréal shares	Bare ownership received via gifting****	1	€0.00
Virginie Morgon Director	Shares	Acquisition	2	€348,874.40

* *Delivery in October 2024 of the ACAs Plan of 14 October 2020.*

** *Contributions of L'Oréal shares by Nicolas Hieronimus to Galaxian Invest and Prince Invest, family-owned companies, based on the opening L'Oréal share price on 26 November 2024, with a view to gifting to two of his heirs in the direct line of succession the bare ownership of the shares received as consideration for the contributions.*

*** *The bare ownership of 248,362 Galaxian Invest shares and 248,362 Prince Invest shares respectively gifted to two heirs in the direct line succession. These shares were recently delivered to Nicolas Hieronimus as consideration for his contribution of 7,500 L'Oréal shares to each company.*

**** *Receipt by a direct heir of the gift by Nicolas Hieronimus of bare ownership of 248,362 Prince Invest shares. These shares were recently delivered to Nicolas Hieronimus as consideration for his contribution of 7,500 L'Oréal shares to the company.*

2.7 Statutory Auditors' special report on regulated agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2024

This is a translation into English of the statutory auditors' report on regulated agreements issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

L'Oréal

Société anonyme

14, rue Royale

75008 Paris

To the Annual General Meeting of L'Oréal,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Annual General Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the Annual General Meeting

Agreements authorized and entered into during the year

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Annual General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements previously approved by the Annual General Meeting

Previously approved agreements that remained in force during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreement, previously approved by Annual General Meetings of prior years, has remained in force during the year.

Agreement concerning the position of Nicolas Hieronimus, Chief Executive Officer of your company

Nature and purpose

On February 11, 2021, your Board of Directors authorized an agreement to suspend the employment contract between your company and Nicolas Hieronimus, former Deputy Chief Executive Officer and employee of your company, who became the Company's Chief Executive Officer as of May 1, 2021, following the decision of the Board of Directors' meeting held at the close of the Annual General Meeting of April 20, 2021.

This agreement was entered into following the Board of Directors' meeting and became effective as of May 1,2021.

Terms and conditions

- Suspension of Nicolas Hieronimus' employment contract during the term of his corporate office

In the event of termination of his suspended employment contract during the term of office, and depending on the reasons for such termination, Nicolas Hieronimus will only receive the severance pay (save for gross misconduct or gross negligence) or retirement indemnities in the event of voluntary retirement or retirement at the Company's request, payable under the employment contract that has been suspended. These indemnities, which are attached solely to termination of the employment contract and in strict application of the French collective bargaining agreement for the chemicals industry (*Convention collective nationale des industries chimiques*) and the company-level agreements applicable to all L'Oréal managers, are automatically due pursuant to the public policy rules of French labor law. They are not subject to any condition other than those provided for by the collective bargaining agreement or the above-mentioned company-level agreements. The same applies to the non-compete clause and the related financial consideration.

Nicolas Hieronimus will continue to benefit, under his employment contract suspended for the term of his corporate office, from the "*Garantie de Ressources des Retraités Anciens Cadres Dirigeants*" (Retirement Income Guarantee for former senior managers) scheme, closed to new entrants as from December 31, 2015. Indemnities are calculated according to the number of years of professional activity within the company as of December 31, 2019, up to a maximum of 25 years. In general, subsequent to December 31, 2019, no new entitlement is granted under this scheme pursuant to Order 2019-697 of July 3, 2019 on supplementary pension schemes, which provides for the closure of all defined-benefit schemes governed by Article L. 137-11 of the French Social Security Code (*Code la sécurité sociale*). The main features of this scheme are described in Section 4.3.2.5 of the 2023 L'Oréal Universal Registration Document. In this specific case, Nicolas Hieronimus reached the limit of 25 years' professional activity in the Group provided under the scheme in 2012 and therefore has not benefited from any new entitlement to supplementary annuities since such date.

Under his employment contract and in accordance with the French collective bargaining agreement for the chemicals industry, in the event of termination of the employment contract, the compensation under the non-compete clause would be payable monthly over two years based on two-thirds of the monthly fixed remuneration provided for in the suspended employment contract, unless Nicolas Hieronimus was released from the application of this clause. This clause is not applicable in the event of voluntary retirement or retirement at the Company's request and no non-compete compensation would be paid in this situation.

Under no circumstances shall the remuneration received for the corporate office be taken into consideration in calculating benefits likely to be payable under the above-mentioned employment contract.

- Terms and conditions relating to the suspension of Nicolas Hieronimus' employment contract
  - The reference remuneration to be taken into account for all entitlements attached to the employment contract and particularly the calculation of the aforementioned retirement benefits, will be based on the amount of remuneration at the date of suspension of the employment contract in 2021, namely, fixed remuneration of €1,750,000 and variable remuneration of €1,850,000. This reference remuneration will be revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund (Caisse nationale d'assurance vieillesse). As of January 1, 2025 it comprised a fixed portion of €1,993,250 and a variable portion of €2,107,150.
  - The length of service applied will cover his entire career within the Group, including his years as executive officer.
- The continued treatment of Nicolas Hieronimus in the same way as a senior manager throughout the term of his corporate office would allow him to benefit from the additional social protection schemes, including the defined-contribution pension scheme and employee benefit and healthcare schemes applicable to the Company's employees. This information is contained in the remuneration policy submitted for approval to the Annual General Meeting of April 29, 2025.

Paris-La Défense, March 14, 2025

The Statutory Auditors

French original signed by

Deloitte & Associés	ERNST & YOUNG Audit
David Dupont-Noel	Céline Eydieu-Boutte

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AFR *This information is an integral part of the Annual Financial Report.*

CSRD *Sections containing information from the Sustainability Report.*

This chapter is based on the work carried out by the Group's Internal Control and Risk Management departments. It presents L'Oréal's internal control environment, including the system for the preparation and processing of financial, accounting and sustainability information. It describes the risk factors pursuant to Regulation (EU) 2017/1129 of 14 June 2017 ("Prospectus Regulation III"), as well as the associated risk management policy. These risks are presented in four categories: (i) business risks, (ii) industrial and environmental risks, (iii) legal and regulatory risks, (iv) financial and market risks. The Vigilance Plan[1] is also included in this chapter.

3.1 Definition and objectives of Internal Control

3.1.1 Reference framework

For the purposes of preparing this Document and defining Internal Control, L'Oréal has used the Reference Framework and its application guide published by the French financial markets authority (*Autorité des marchés financiers* – AMF) in January 2007 and updated on 22 July 2010.

3.1.2 Internal Control to prevent and manage risks

At L'Oréal, Internal Control is a system that applies to the Company and its consolidated subsidiaries (the "Group"), which aims at ensuring that:

- economic and financial targets are achieved in compliance with the laws and regulations in force and the Group's ethical principles and standards;
- the guidelines set by General Management are followed;
- the Group's assets and reputation are valued and protected; and
- the Group's financial and accounting information is reliable and provides a true and fair view.

By contributing to preventing and managing risks, the Internal Control system promotes steady and sustainable industrial and economic development groupwide within a control environment that is appropriate for the Group's businesses. However, any system or process has its limitations. These result from a number of factors, including external uncertainties and malfunctions due to human or technical error.

Risk management should be based in particular on a reasonable, informed choice between the challenges to be controlled, the opportunities to be seized, the cost of risk management measures, and their effects on the occurrence and impact of the risk.

3.1.3 Continuous improvement process for the Internal Control system

In 2024, the Group maintained its efforts to improve the Internal Control system by:

- continuing to adjust the Group matrix for the separation of tasks and the associated control environment;
- providing new operational guides to remind employees of the Group's principles and encourage the sharing of best practices (e.g., update to the liquidation standard and the standard on retirement plans and sustainable finance);
- updating the Fundamentals of Internal Control digital library (e.g., on safety, hygiene and environment, and on information systems);
- regularly adapting the reference frameworks to address new challenges;
- updating the Group's digital reference framework; and
- redeveloping the fraud risk awareness programme.

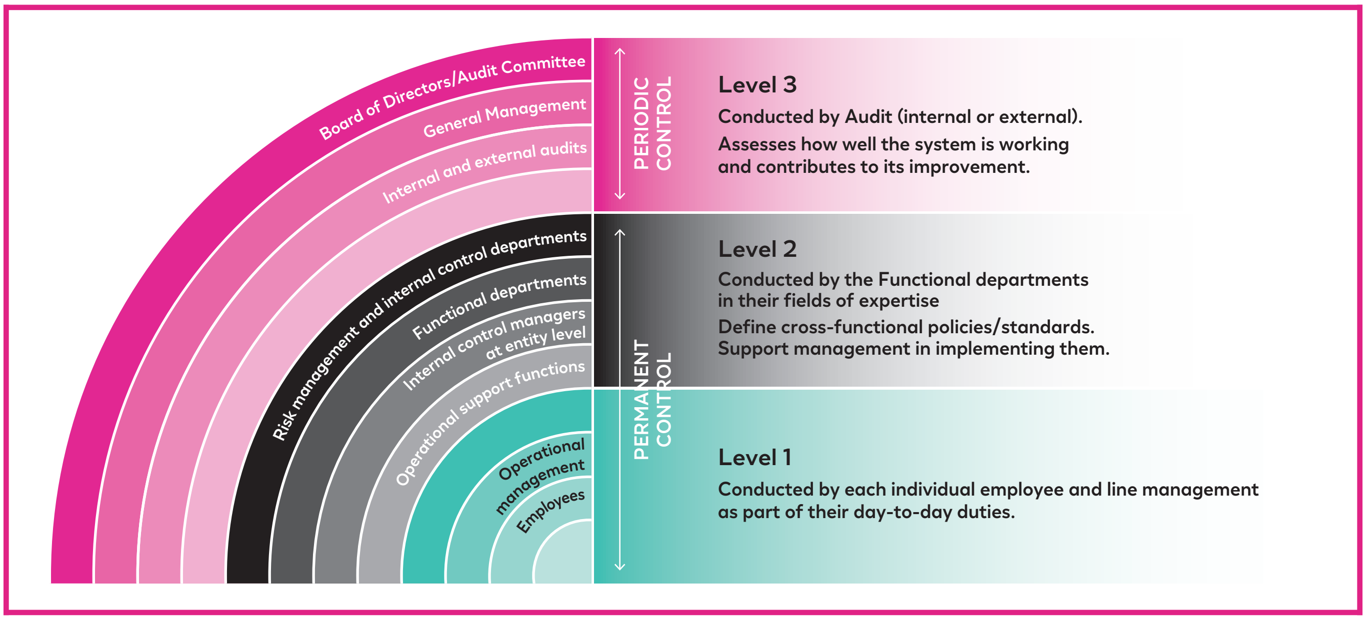
Online training courses (anti-corruption, data security, competition, cybersecurity, personal data protection) continue to be rolled out.

The network of Internal Control managers was further strengthened worldwide through:

- compulsory training for onboarding Internal Control managers;
- specific training courses for each business segment, to present the risks and associated control framework;
- webchats for sharing updates on Group projects and business standards; and
- a network of Zone Internal Control managers and officers in each function and business segment.

(1) *Drawn up pursuant to Article L. 225-102-4 of the French Commercial Code.*

The governance structure for the Internal Control system applies to all of the Group's activities and is based on the three levels of control shown in the diagram below:



3.2 Internal control, risk management system and tax policy

3.2.1 Control and oversight organisation, environment and activities[1] CSRD

The control environment is critical to the Internal Control system. It ensures that risks are managed properly and that appropriate procedures are effectively implemented. It is based on behaviours, the organisational structure and employees. At L'Oréal, it forms part of a culture of rigour and commitment modelled by senior managers in line with the Group's strategic choices.

The Group's Ethical Principles

L'Oréal's development and reputation are built on strong Ethical Principles: Integrity, Respect, Courage and Transparency. The Group's policies on sustainability, social and societal responsibility, compliance and philanthropy are based on these Ethical Principles.

L'Oréal's Code of Ethics is available in 30 languages and as an audiobook in English and French. It was completely overhauled and expanded in 2023. It is distributed to all employees around the world. It uses simple rules and concrete examples to explain how they can apply these Ethical Principles in their behaviours and actions.

The Code of Ethics applies to all employees, directors and corporate officers, as well as members of the Executive and Management Committees.

Chief Ethics, Risk and Compliance Officer

The Chief Ethics, Risk and Compliance Officer reports directly to the Chief Executive Officer and keeps him informed on a regular basis. The Chief Ethics, Risk and Compliance Officer regularly updates the Board of Directors and the Executive Committee. Regarding Ethics, he is responsible for:

- promoting and embedding best practices within the Group by informing ethical decision-making;
- overseeing employee training;
- overseeing the management of alerts and directly managing those related to General Management positions; and
- measuring and assessing the Company's ethical performance.

He has a dedicated budget and team, and unrestricted access to all information about the Group's business activities. He can call on any of the Group's teams and resources to support his work.

(1) *This section incorporates by reference the information required by the CSRD (G1 GOV-1) for the sustainability report (section 4.13.2.1).*

Ethics and Human Rights approach of L'Oréal and its stakeholders

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 the Code of Ethics. The Chief Ethics, Risk and Compliance Officer systematically meets each new Country Manager and the Group's senior managers to provide guidance about their role. Senior managers also benefit from a tool to help develop their ethics leadership as well as specific training courses.

The 80 Ethics Correspondents throughout the world assist members of the Executive Committee and Country Managers to implement the ethics programme. Led by the Group Ethics team, they act as a local point of contact for all employees. They promote the normal routes for handling concerns by Management and Human Relations.

The Chief Corporate Responsibility Officer, who is also a member of the Executive Committee, oversees the respect of Human Rights and Fundamental Freedoms in the Group.

Human Rights risks are mapped and regularly updated, including for suppliers and subcontractors (see section 3.5.3). In 2024, the Group upgraded its system for local-level assessments of ethics risks, and the new system will be gradually rolled out to all of its entities.

An annual reporting system is used to monitor the implementation of the Ethics and Human Rights programme. The Ethics, Risk and Compliance Department informs subsidiaries of any areas for improvement. Ethics risks are systematically reviewed during audit assignments, through individual interviews conducted separately with the Country Manager and the finance director.

For prospective acquisitions, the Ethics and Human Rights questionnaire is used to help determine whether the target company takes account of risks, particularly those related to business ethics.

A specific and compulsory e-learning course on ethics is available in all subsidiaries. It was updated in 2023 following publication of the new Code of Ethics. As at 31 December 2024, 83% of the relevant employees had completed it. The Ethics, Risk and Compliance Department also provides face-to-face training as part of ongoing training for managers and certain business functions (Buyers and Human Relations).

The evaluation of the overall performance of employees, and more specifically managers, takes into account compliance with the Code of Ethics and Ethical Principles. Regular communication with stakeholders and the setting up of internal working groups help to incorporate Ethics into new policies and strategic decisions.

Speak Up, the Group's whistleblowing system (www.lorealspeakup.com) is available to all Group stakeholders, as well as a procedure for collecting and processing reports, which are used to manage any violations.

In 2024, 780 potential ethical violations were identified either via the secure website, or via the Ethics Correspondents and local or international management. Reported cases are thoroughly examined, followed by appropriate measures where applicable. The global number of reports of discrimination, harassment (including sexual harassment) and corruption received at Group level worldwide is notified to employees on a regular basis, as is the number of fully or partially substantiated cases and the corrective measures taken. These elements are also included in the presentation of the Group's Ethics Policy to the Board of Directors.

Annual Ethics Day

The Group has held an Ethics Day since 2009. During this online event hosted by the Chief Executive Officer, Group employees can ask questions and discuss the day-to-day application of the Ethical Principles. Each member of the Executive Committee and each Country Manager organises local ethics discussions. In 2024, with over 35,000 people logging on and more than 5,000 questions, employees showed that they were heavily engaged with this subject. Furthermore, they receive regular information about the Group's Ethical policy and have access to a dedicated Intranet site.

Corporate Social Responsibility at L'Oréal

L'Oréal has led an ambitious Corporate Social Responsibility (CSR) policy for many years now, in particular through its sustainability programme – L'Oréal for the Future – and its associated objectives.

In this context, the Group has developed a strong governance structure (see section 4.1), which notably includes worldwide Sustainability Leaders. They are tasked with helping the Country, Zone, Division and Brand Managers to implement the sustainability programme within their entities. The progress of local implementation of the Group's commitments is monitored by means of an annual reporting system.

Internal Audit regularly reviews sustainability risks, as well as the extent to which any policies adopted to address such risks have progressed. The results are then reported to the Audit Committee.

Since 2019, in collaboration with the Ethics, Risk and Compliance Department, L'Oréal's Corporate Responsibility Department has conducted a deeper assessment of the risks associated with climate change related to the Group's operations, referencing in particular the scenario analysis method. This was with a view to the departments improving their ability to anticipate and mitigate the impact of these risks. The financial risks related to the effects of climate change and the Group's measures to reduce them are described in chapter 4.

Human Resources policy

The talent and skills of the women and men employed by the Group are key components of the Internal Control system. L'Oréal's Human Relations (HR) Department has always strived to support the Group's growth and transformation initiatives. L'Oréal's lasting growth depends first and foremost on the women and men in the Company, who are the key drivers of the Group's success. Built on this conviction, the Group's approach as an employer is based on individualised management of employees and on collective strength.

L'Oréal's HR policy spans from identifying talent to recruiting employees and helping them develop throughout their career. It focuses on rewarding and empowering everyone and integrates a proactive policy on diversity, equity and inclusion. Dedicated policies are developed within the Group in each of these areas (see section 4.7)[1].

Information systems

The Group's Global IT Department issues strategic priorities for its IT systems and cybersecurity guidelines. The systems incorporate Enterprise Resource Planning (ERP), a management software application used by the vast majority of commercial subsidiaries. The worldwide roll-out of this integrated software package reinforces the reliability and security of producing information, including accounting and financial information. In pursuit of the same objective, an integrated production and management solution in the Group's manufacturing entities continues to be rolled out.

Procedures and standards applicable to the activities

Each Functional Division defines, in its own specific field, the principles and standards applicable to the entities it manages. These are summarised in the Fundamentals of Internal Control, guidelines that are regularly updated under the responsibility of the Ethics, Risk and Compliance Department and are designed to facilitate adoption by employees. This document provides a reference framework for the Group. It covers operational activities in the form of an information sheet for each area of activity. Each information sheet refers to the detailed charters, codes and standards of the Group. The sheets are regularly updated, expanded and validated by the Functional Divisions.

A framework for the separation of tasks is regularly updated and distributed to all entities. It defines the main rules for sales, purchasing, logistics, finance, human resources and information systems management. The application of these rules prevents the risks of fraud and reduces the probability that errors (whether intentional or not) remain undetected.

Communication of information inside the Group

The Fundamentals of Internal Control Guidelines are sent to the Chief Executive Officers, Chief Financial Officers and Internal Control Managers of all the consolidated subsidiaries, including manufacturing entities. The Fundamentals, codes, charters, standards, and information related to the organisation, updates and instructions from the Functional Divisions are made permanently available to the subsidiaries on the Group's intranet. A digital standard provides all Group employees with guidelines, charters and expert contacts organised by function and by subject.

The Functional Divisions also hold seminars and training sessions for their networks of experts. News published on the Intranet gives employees updates and important messages on Internal Control.

Within the Group, two tools promote communication on the priorities of Internal Control:

1. the "Internal Control Awards", which take place every two years and reward the best global initiatives; and
2. the Internal Control Department's Intranet site, which disseminates Internal Control's initiatives, tools and events all over the world.

Control and oversight activities

Risk management and Internal Control involves everyone, from governance bodies to all employees. This system is continually monitored to ensure it is relevant and addresses the Group's objectives and challenges. The main participants in the monitoring of Internal Control and risk management are set out below.

General Management and the Management Committee (Executive Committee)

General Management sets the overarching principles of Internal Control and ensures that they are properly implemented. In order to fulfil their global Internal Control responsibilities, the members of the Executive Committee call on operational and functional managers, according to their areas of expertise. These managers must ensure that the overarching principles are implemented and the procedures correctly applied to achieve the level of Internal Control required by General Management.

Board of Directors and Audit Committee

The Board of Directors has always emphasised the importance of Internal Control and its main areas of application[2]. The Internal Rules of the Board of Directors define the Audit Committee's duties:

- it monitors the action taken by Internal Control and reports on it to the Board of Directors;
- it is responsible for monitoring issues relating to the preparation of accounting and financial information and for corporate sustainability reporting; and
- each year, it reviews the Internal Audit plan, its objectives and the general conclusions of Internal Audit assignments, as well as the initiatives and major projects that relate to Internal Control. The Committee uses this information to report on its work to the Board of Directors.

(1) In accordance with Article L. 22-10-35 of the French Commercial Code, it should be noted that L'Oréal gives its employees who are French army reservists five days leave on full pay to carry out their military duties.

(2) The activities of the Board of Directors are reported in section 2.3.2 and the duties entrusted to its Chairman in section 2.1.2.3.

Operational Divisions and Geographic Zones

The Group is organised into Divisions and Zones. Alongside the management of each country, business or manufacturing entity, the Divisions and Zones are fully responsible for achieving the Internal Control objectives defined by General Management.

A system of delegating authorities is in place and continues to be reinforced. The powers of the legal representatives of Group companies and the people they delegate to are limited and controlled in accordance with the provisions of the Legal Charter. Specialists in management, information systems, human resources, digital, retail, purchasing, logistics, production and legal affairs provide support to operations at all levels and help to ensure the Internal Control objectives are achieved.

Functional Divisions

Each member of the Executive Committee is entrusted with worldwide responsibility for the Internal Control of the activities that fall within their remit. The Functional Divisions define, in their own areas, the strategies, policies and procedures which they communicate to the countries and entities. They bring their expertise to the operational staff and review the proper functioning of their respective areas of responsibility. They draw on their network of specialists and on regular assessments.

Indicators and reporting procedures simplify regular monitoring of the local activities of these Functional Divisions.

Administration and Finance Department

The department assists and monitors operational employees in their administrative, financial and legal activities, as well as in terms of information processing. It sets the operating rules for all entities, defines and rolls out tools, procedures and best practices, particularly in terms of management, accounting and consolidation, M&A, investments (BOLD corporate venture fund) and holdings, financing and cash, taxation, legal matters and data governance (including personal data), financial communication, strategic planning and insurance.

An Internal Control Committee is tasked with taking all measures to promote proper understanding and proper application of the Group's Internal Control rules, as well as monitoring progress on important Internal Control projects. The Committee comprises the Chief Financial Officer and the Heads of Ethics, Risk and Compliance, Internal Control, Operational Finance, Internal Audit and Information Systems (Global IT).

Ethics, Risk and Compliance Department

In particular, this department coordinates the procedures for identifying, assessing and prioritising risks with all those concerned. It keeps the Group's risk mapping up to date. Its aim is to promote optimal use of resources in order to minimise and control the impact of negative events and maximise opportunities. The Chief Ethics, Risk and Compliance Officer reports directly to the Chief Executive Officer.

Internal Control Department

This department, which is separate from Internal Audit, is under the responsibility of the Ethics, Risk and Compliance Department. In collaboration with the experts in each business line, it defines and updates the internal control framework relating to their area of activity. This framework is summarised in the Fundamentals of Internal Control guidelines and detailed in standards and procedures that are listed in the Group's digital framework.

The Internal Control Department also manages and develops a network of around 175 regional and local internal control managers covering all Group entities. Their role is to apply the internal control framework and support employees in this respect. Frequent participation in seminars, training cycles or webinars with the various functions, and the publication of notes of engagement help to strengthen knowledge of the internal control framework within the Group.

As part of a continuous improvement approach, the Internal Control Department develops, disseminates and coordinates self-assessment campaigns focusing on the main risks and issues identified. These campaigns are gradually being rolled out in each of the functions. Self-assessment of Internal Control makes it possible for the Group's entities to ensure that the system is functioning properly and reinforce it with operational action plans.

The Internal Control Committee is driven by the Internal Control Department, which validates directions and priorities with regard to improving the internal control framework, developing the network of internal control managers and the tools used to perform internal control tasks. This department monitors variations related to Internal Control relating to expectations and market practices.

Internal Audit Department

The Internal Audit Department audits major processes and checks that Group principles and standards are properly applied. Its work is carried out by a central team that reports directly to the Chief Executive Officer.

Internal Audit assignments are submitted to General Management and the Audit Committee. With the approval of those bodies, they result in an annual audit plan that takes account of the Group's risk mapping, the entities' contributions to the Group's key economic indicators, and the historical precedence and results of previous audits.

The risk-level assessment carried out by the Zone Departments and experts in the different functions is also a determining factor in the elaboration of the annual audit plan.

In 2024, the Internal Audit Department carried out 56 assignments. Out of this total, 30 involved auditing entities (commercial entities, factories, international marketing and research & innovation departments, Shared Service Centres and newly-acquired entities) and 26 were audits on specific topics conducted at Group, Zone or Country level, targeting key risks as a priority: for example, five assignments were carried out on the cybersecurity programme and three were dedicated to certain objectives of the L'Oréal for the Future programme.

Each audit assignment results in a report that sets out the findings and corresponding risks and proposes an action plan and recommendations for the audited entity. The Internal Audit Department monitors and measures these action plans, then reports on the rate of progress to the departments in question.

To conduct its work, Internal Audit uses the Group's integrated ERP software. It has developed a number of specific transactions to improve the identification of potential weaknesses in sensitive processes. Data analysis capabilities are strengthened each year. They enhance the standard analyses developed by Internal Audit and the use of dashboards and analysis tools that the businesses are continually developing for their own management needs.

To carry out its work, the Internal Audit Department uses an integrated GRC (Governance, Risk, Compliance) tool to consolidate in real time the progress made on the action plans of audited entities. Shared with the Internal Control function, this tool forms an integrated collaborative platform for the implementation of action plans.

In addition to its role of monitoring the application of the Internal Control system, the Internal Audit Department carries out cross-functional analyses with regard to possible Internal Control weaknesses based on findings noted during its assignments. These analyses steer the work of the Internal Control Committee and identify the priority areas for improvement and strengthening of procedures.

The achievement of the audit plan, the results of assignments and the progress of the action plans are presented to General Management on a regular basis and to the Audit Committee and the Statutory Auditors annually.

Global IT Department

The Group's Global IT Department sets the strategic priorities for its IT systems. In particular, it oversees ERP management software which is used by the vast majority of the Group's commercial subsidiaries, factories and logistics services. It also supports the digital transformation of the Group by developing the use of cloud services (SaaS, IaaS, PaaS) and connected objects.

Within the IT Global Department, the Cybersecurity Department manages the Information Systems Security Policy. Consistent with international market standards (ISO 27001/27002, NIST), this policy covers the main topics of IT security, including the protection of personal data. It describes general principles to be applied for each topic. This ensures that the Group's Information Systems teams, and by extension all employees, share clear objectives, best practices and levels of control that are appropriate for the risks (particularly the risk of cyber attacks). This policy is backed by specific action plans, which include remedial measures if any cybersecurity risks arise, an independent information systems security audit programme, and two codes of practice – the Information and Communication Technologies Code of Practice, and the Code of Good Practice for the Use of Social Media.

L'Oréal's cybersecurity governance is underpinned by a framework based on the three lines of control model presented in section 3.1. Presentations on cybersecurity topics are regularly given to top management, and in 2024 a presentation on the Group's cybersecurity system was given to the Board of Directors (see section 2.3.2).

Operations Department

This Department comprises the Packaging Development, Purchasing, Industrial Strategy and Operational Excellence, Quality, EHS (Environment, Health, Safety), Supply Chain and Information Systems (value chain) departments. It defines the overall Operations strategy worldwide and defines the standards and methods applicable in the areas of quality, safety and the environment for rollout in all the countries where the Group operates. It oversees the overarching strategy so that the Operations teams in the operational Divisions and the Zones can implement innovation, supply, quality, hygiene and security, environmental manufacturing and supply chain policies that are relevant to the markets. It conducts a worldwide Quality-EHS audit programme, assessing the Group's sites and suppliers of direct purchases. It establishes and trains the business communities of these departments.

In line with the Group's Code of Ethics, buyers have had access to a practical and ethical guide, The Way We Work with our Suppliers, since 2011. This guide covers everything they need to know when working with the Group's suppliers. In addition, buyers complete online training programmes based on the Group's The Way We Compete and The Way We Prevent Corruption guides.

The standard for managing suppliers and tender procedures specify the conditions for competitive tendering and for the registration of the main suppliers. The general terms of purchase form the framework for transactions with suppliers. The "Standard for supplier management (Source to contract)" facilitates and strengthens control over spending and investments.

The main tasks of the Supply Chain Department are to supply the Group's customers and consumers via eight distribution channels operated by the Group, to manage the planning processes, from demand through to supply, and to implement and operate an agile supply chain network that is both profitable and sustainable. The processes managed by the Supply Chain include managing order processing, from order receipt to preparation, supplying and recovering credit, preparing sales and supply forecasts, deploying inventories of finished products and jobs, managing centres, subcontractors and logistics service providers, and monitoring traceability and logistics continuity plans.

The Packaging Development teams implement a materials vigilance programme that ensures consumer safety in connection with packaging materials, as well as regulatory monitoring in connection with R&I of all legal obligations related to packaging and labelling.

3.2.2 Insurance policy

General insurance policy

The insurance policy aims to provide the best protection for the Group's assets and people against the occurrence of major risks that could adversely affect it. The Group has implemented group insurance programmes (in particular for Property Damage & Business Interruption, Third-Party Liability, Cyber, Transport, Credit Insurance and Construction) that harmonise coverage and optimise insurance cover for all its subsidiaries throughout the world, except in countries where regulations prohibit this type of arrangement (see "Restrictions" below). Local programmes have also been set up in the countries in which group programmes cannot be implemented. This policy is applied as follows:

- at corporate level, the Group negotiates the structure and warranties of the group insurance programmes to cover its main exposures, in accordance with the offering available on the insurance market;
- at a local level, local policies not reinsured by a group programme are implemented in coordination with the Group; and
- in all cases, the subsidiaries must have mandatory insurance cover in order to comply with local regulations.

The Group also arranges policies through the insurance market to protect itself against risks, subject to the coverage available and standard exclusion clauses.

The financial solvency of insurers is an important selection criterion for the Group. Furthermore, the insurance programmes subscribed by the Group mainly involve coinsurance between the various major players in the international insurance market.

L'Oréal's prevention policy, implemented jointly with its insurers, includes prevention measures related to fire, environmental and climate change risks.

Integrated Group programmes

General civil liability: this worldwide programme subscribed for all Group subsidiaries (except where local restrictions apply) includes, in particular, civil operational liability, product liability and damage to the environment that is sudden and accidental. It covers the financial consequences of the civil liability of Group entities, if they are liable.

Property damage and business interruption: this programme provides cover for fire, lightning, explosion, theft and natural events within the limits of the products available on the insurance market. The Group has set up a worldwide programme to cover all its property, chiefly non-current assets and inventories (except where restrictions apply). This cover also includes a portion on business interruption directly resulting from covered property loss or damage. As the capacity of the insurance market is limited for certain risks, this programme includes sub-limits, particularly for natural events. Through its reinsurance subsidiary, the Group carries risk retention levels that are not material at consolidated level, and these are applicable over and above local deductible amounts. The offering includes site prevention inspections by specialist departments of the leading insurer.

Cyber: a cyber insurance policy provides financial cover for the consequences of IT-related risks, subject to exclusions and warranties available on the market. As it is a "multi-risk" policy, cyber risk insurance comprises several components.

Transport: the Group has set up an insurance programme to cover the transport of all its products. Therefore, all subsidiaries benefit from appropriate and uniform cover for risks related to the Group's logistical operations (except where restrictions apply).

Customer credit risk: Group subsidiaries must set up credit insurance, assisted by the Group and under the terms and conditions negotiated, in addition to their own credit management policy, provided that insurance cover compatible with their level of sales activity is available under financially acceptable conditions.

Buildings: the primary aim of the worldwide Buildings insurance programme is to standardise the conditions of cover for all projects, in all countries. It also makes it possible to disseminate a general Buildings insurance policy, centralised corporate management and, lastly, warranty optimisation.

3.2.3 Anti-corruption policy

Wishing to act in all circumstances in accordance with the ethical principles it has set itself, and to comply with the laws and regulations in force in all the countries where it operates, the Group applies a zero-tolerance policy in terms of corruption.

Long-standing commitment at the highest level of the Company

L'Oréal has been a member of the United Nations Global Compact since 2003 and supports the fight against corruption. The Group is committed to complying with the United Nations Convention against Corruption of 31 October 2003 and to applying all applicable laws, in particular the Sapin II law in France.

L'Oréal is a member of the International Chamber of Commerce Anti-Corruption Commission and of Transparency International France. This commitment 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 every year.

Everyone involved in preventing and detecting corruption

Executive Committee	Regularly reviews the corruption prevention programme presented to the Board of Directors.
Chief Ethics, Risk and Compliance Officer	Reporting to the Chief Executive Officer, the Chief Ethics, Risk and Compliance Officer is responsible for designing and monitoring the corruption prevention programme in collaboration with the departments involved in the programme (Legal, Purchasing, Finance, Human Relations, Internal Audit, etc.). He leads the specific risk mapping process related to corruption risks.
Country Managers	Country Managers ensure the correct deployment of the corruption prevention programme and its compliance. Their involvement in this issue is required on an annual basis by the Chief Ethics, Risk and Compliance Officer and by their local Corruption Prevention Committee.
Corruption Prevention Committees	They oversee the progress of the corruption prevention programme within their entities and involve the Management Committee in an annual review of the programme. They include the Internal Control Manager, the Chief Financial Officer, the Legal Director, the Human Relations Director and the Ethics Correspondent.
Internal Control Managers	Internal Control Managers are responsible for the day-to-day running of the programme within their entities, with the support of the Chief Financial Officer and the Legal Director.
Employees	Employees apply the anti-corruption policy in the context of their activities. In case of doubt or questions about compliance with these commitments, they may contact their line managers, the General Counsel, the Chief Financial Officer, the Internal Control Manager, the Ethics Correspondent and, ultimately, the Chief Ethics, Risk and Compliance Officer.

L'Oréal's Code of Ethics and practical corruption prevention guides

L'Oréal's Code of Ethics publicly declares a zero-tolerance policy on corruption. It applies to all employees, directors and corporate officers and members of the Executive and Management Committees of the Group and its subsidiaries worldwide. L'Oréal's Code of Ethics was updated in 2023. Available in 30 languages, and as an audiobook in French and English, it is distributed to all employees worldwide.

L'Oréal has also published a more detailed corruption prevention policy that is available on its website, loreal.com.

The Group also has other reference documents for employees to specify the practices to be adopted to fight against corruption.

- **Specific Corruption Prevention Guide:** rolled out throughout the Group as a whole since 2013 and supplemented in 2018, it covers the relationships with each of L'Oréal's stakeholders, in particular with the public authorities and with intermediaries. This practical guide is intended to specify the Group's standards and to help employees handle situations that they might encounter in the performance of their duties. It reaffirms L'Oréal's corruption prevention policy which was approved by the Chief Executive Officer and the Executive Committee. The policy was presented to the Board of Directors.

This policy posted online on L'Oréal's website restates the following principles:

- the zero-tolerance policy on corruption;
- the prohibition of facilitation payments;
- the prohibition of any contributions to political parties or politicians with the aim of obtaining a commercial advantage;
- the prohibition on giving and accepting gifts and/or invitations that might influence or be perceived as influencing a business relationship;
- communication of the commitment to preventing corruption to the Group's business partners; and
- respect for these commitments by intermediaries representing L'Oréal vis-à-vis public players, particularly in countries where there is a high risk of corruption.

- ***Employee Guide – Gifts/Invitations*****:** distributed in 2014 on a Group-wide basis, it sets out the rules in this area. This guide now forms part of the specific Corruption Prevention Guide, and a special register has been added to it for the Group's employees who are most exposed to corruption risks.
- ***Employee Guide – Management of intermediaries with public authorities*****:** issued in 2018 to the personnel concerned, it specifies the rules in this area.

- ***The Way We Work with our Suppliers*:** distributed in 2022, this guide specifies the rules concerning relationships between suppliers and any employees involved in purchasing decisions.
- ***The Way We Do Philanthropy*:** distributed in 2021, this guide specifies the rules surrounding providing philanthropy in compliance with ethical principles, the Code of Ethics and the Group's in-house standards.
- ***The Way We Work with Scientific and Healthcare Professionals*:** updated in 2023, this guide helps the Group's employees to work with these third parties in an ethical manner.
- ***Responsible Lobbying Policy*:** distributed in 2021, this policy specifies the responsible lobbying commitments and how they should be implemented.
- ***Conflicts of Interest Policy*:** issued in 2023, this policy governs the definition of conflicts of interest and the procedure for reporting and managing such conflicts.

Operations-based versions of these guides, designed for specific target audiences and containing specific procedures, have been put in place. In 2024, two policies that round out the Employee Guide – Gifts/Invitations were drawn up for the Public Affairs teams and for sponsorship operations.

Corruption prevention measures implemented within the Group

Group-level risk assessment	The risk of corruption is included in the Group risk assessment. Following the update in 2023, which used a dedicated methodology, the Group has 79 corruption risk maps covering all the countries in which it operates. A tool also enables Country Managers to assess and analyse possible local ethical risks (including corruption) and to take the necessary prevention measures.
Specific Human Relations procedures	In the annual appraisal system for all employees, overall performance includes the employee's achievements in compliance with the Code of Ethics and the Group's ethical principles.
Speak Up system	Speak Up enables employees to express any concerns they may have, particularly with regard to corruption, via a secure website or directly to the Group's Chief Ethics, Risk and Compliance Officer. Any allegation raised in good faith is examined in detail. In the event of non-compliance with the anti-corruption policy, corrective measures are taken, which may include disciplinary action. The whistleblowing line was opened to employees in 2008, and then to stakeholders in 2018.
Learning	A compulsory online learning programme on the prevention of corruption, available in 13 languages, has been rolled out in all countries. As at 31 December 2024, this programme had been completed by 90% of the employees concerned. In accordance with L'Oréal's corruption risk mapping, specific learning courses for the staff most exposed to the corruption risk are developed and deployed within departments and entities.
Control and assessment of measures and procedures dedicated to the prevention of corruption	The Group's Internal Control process provides for control procedures on operational activities, in particular for the separation of tasks. The implementation of the corruption prevention programme is part of the Internal Control self-assessment process rolled out in operational entities. The effectiveness of the corruption prevention programme is reviewed via accounting controls performed on a regular basis, and through targeted second-tier verifications of the programme's procedures and systems. The system for monitoring the corruption prevention programme is based on the three levels of control and covers all the measures in the programme. L'Oréal's Internal Audit teams are particularly vigilant in this respect. Implementation of the corruption prevention programme is systematically reviewed during audit assignments, using a dedicated audit guide which contains specific checks. Individual interviews are conducted separately with the Country Manager and the Chief Financial Officer. They give rise to an individual report reviewed and signed by these latter persons. Specific audits may also be conducted as part of the annual audit plan.
Due diligence procedures prior to acquisition projects or minority or majority investments	A specific corruption risk procedure integrates appropriate and proportionate checks at the different stages of the acquisition or investment process. Responses to the ethics questionnaire submitted to target companies are intended to identify whether corruption risk prevention has been taken into account by the companies, and to prepare for integration or collaboration, as applicable.
Third-party due diligence	The third-party management process (clients/suppliers/philanthropic arrangements) includes the corruption risks both when entering into and during a relationship. A corruption risk assessment is carried out on the Group's third parties. Appropriate verifications are implemented, which rely primarily on a dedicated tool and risk analysis guide. A guide and specific procedure have been made available to employees concerning relationships between intermediaries and public authorities. Real estate projects are also subject to a specific process.

A commitment shared with the Group's partners

L'Oréal shares its commitment to combating corruption with its business partners. Compliance with the law is included in the Group's general terms of purchase, general terms of sale and the Mutual Ethical Commitment Letter. The integrity and reputational risks associated with the management of influencers are managed through robust selection processes and the signing of the Group's Influencer Value Charter. L'Oréal reserves the right to end any relationships with business partners who fail to comply with regulations.

A recognised approach

L'Oréal was recognised for the 15th time as one of the "World's Most Ethical Companies" by the Ethisphere Institute.

3.2.4 Tax policy

L'Oréal considers that taxation is an integral part of its Corporate Social Responsibility and constitutes a way to participate positively to the development of the countries in which the Group operates.

The Group's tax policy forms part of the sustainability of its business. It is based on three pillars, which are defined in the Internal Tax Charter prepared and distributed around the world: Compliance, Transparency and Legitimacy.

Compliance

L'Oréal completes its tax declarations and pays its taxes by the deadlines in compliance with the letter and spirit of the laws and regulations in the countries in which the Group operates.

Special vigilance is required on compliance with the rules related to the fight against tax fraud and tax avoidance.

L'Oréal is located in countries where it conducts a real operational and commercial activity. If applicable, the Group's presence in certain so-called tax havens[1] is justified for operational reasons and the development of its activity, and not for tax purposes.

L'Oréal ensures that transactions between Group companies are carried out in compliance with the arm's length principle defined by the OECD and the UN and satisfies increasingly digitalised reporting obligations (transfer pricing documentation, country-by-country reporting, etc.).

L'Oréal aims for excellence in tax compliance.

Transparency

L'Oréal establishes and maintains relations with Tax and Customs Authorities based on transparency, pursuant to the Group's "zero tolerance" rule on corruption.

L'Oréal also develops a constructive relationship with Tax and Customs Authorities, a relationship based on the principles of cooperation and mutual respect. L'Oréal responds appropriately and promptly to requests from the tax authorities regarding the exchange of information, in compliance with tax conventions.

Where permitted to do so by governments, L'Oréal joins the cooperative compliance programmes launched by the tax authorities, such as the "*relation de confiance*" with the French tax authorities.

The Group may contribute to the analysis of legislative changes at the request of Tax and Customs Authorities or professional associations involved. Consequently, the Group takes part in OECD working groups relating to Pillars 1 and 2.

L'Oréal considers global challenges and standards in terms of tax transparency. In particular, it adheres to the reporting recommendations of the Global Reporting Initiative (GRI) and, more specifically, standards GRI 207-1, GRI 207-2 and GRI 207-3. Documents relating to the Group's ESG performance, including the GRI standards, are published on our website[2].

L'Oréal is also a member of the European Business Tax Forum (EBTF), a European business association that seeks to increase transparency in the tax debate.

The Group has a Speak Up programme for L'Oréal's internal and external stakeholders to express any serious concerns they have, so that the Group and the Ethics Department can address them.

The Group is careful to ensure that its behaviour in tax matters is beyond reproach, in compliance with the fundamental principles of the Code of Ethics.

Legitimacy

L'Oréal legitimately applies the most relevant tax treatment, in accordance with economic reality and operational objectives, in compliance with the letter and spirit of the laws in force. The Group does not pursue an aggressive tax policy through artificial structures or transactions that have no economic or commercial substance and whose purpose would be strictly fiscal.

In an evolving international tax environment, the positions taken by the Group may be questioned and subject to tax and customs audits by local authorities. If there is disagreement with a Tax or Customs Authority, L'Oréal is able to legitimately defend its interpretation of the law, prove its good faith and, as needed, bring the disputes to court.

A regular review of tax risks, carried out by the Group's Tax Department in contact with the local financial teams, enables the risks to be assessed, resulting, if applicable, to the recognition of a provision. The main risks are reported to General Management and to the Audit Committee.

(1) *As defined by French or European law.*
(2) *This information is available in the "ESG Performance" section under the "Commitments" tab on the loreal.com website.*

Organisation

Centralised expertise and a strong geographical presence of the tax function in the Countries ensure compliance with these three pillars.

The Chief Financial Officers are responsible for tax compliance, backed up and relayed by the Tax and Accounting Departments. These departments monitor changes in tax regulations to ensure that the Group complies with these regulations. They are assisted, where applicable, by external advisors.

Centralised expertise

Within the Department of Operational Finance, the Group Tax Department ensures compliance with the Tax Policy in collaboration with the Finance Departments, through intermediaries in the form of different group-wide tax experts:

- Intra-group Transactions & Customs, which ensures compliance with tax and customs standards and secures the prices of intra-group transactions and the related documentation;
- Analytics & Compliance, which analyses, verifies and informs on the Group's compliance and global tax liability;
- Mergers and Acquisitions (M&A), which assists and provides tax advice on proposed merger-acquisition projects;
- Tax Digitalisation, which enables the Group to meet the new requirements for digitalisation imposed by the tax authorities (e-returns, e-invoicing, e-audits, etc.);
- Tax Governance, which ensures the correct deployment of the Group's tax policy;
- Digital Taxation and E-commerce, which assists and advises on the tax implications of e-commerce and digital projects; and
- Tax Operations and Supply Chain, which assists and advises the Operations Department.

Strong geographical presence

Accountable to the Chief Financial Officer of the Country/Zone, the Tax Directors of 30 Countries have the following responsibilities:

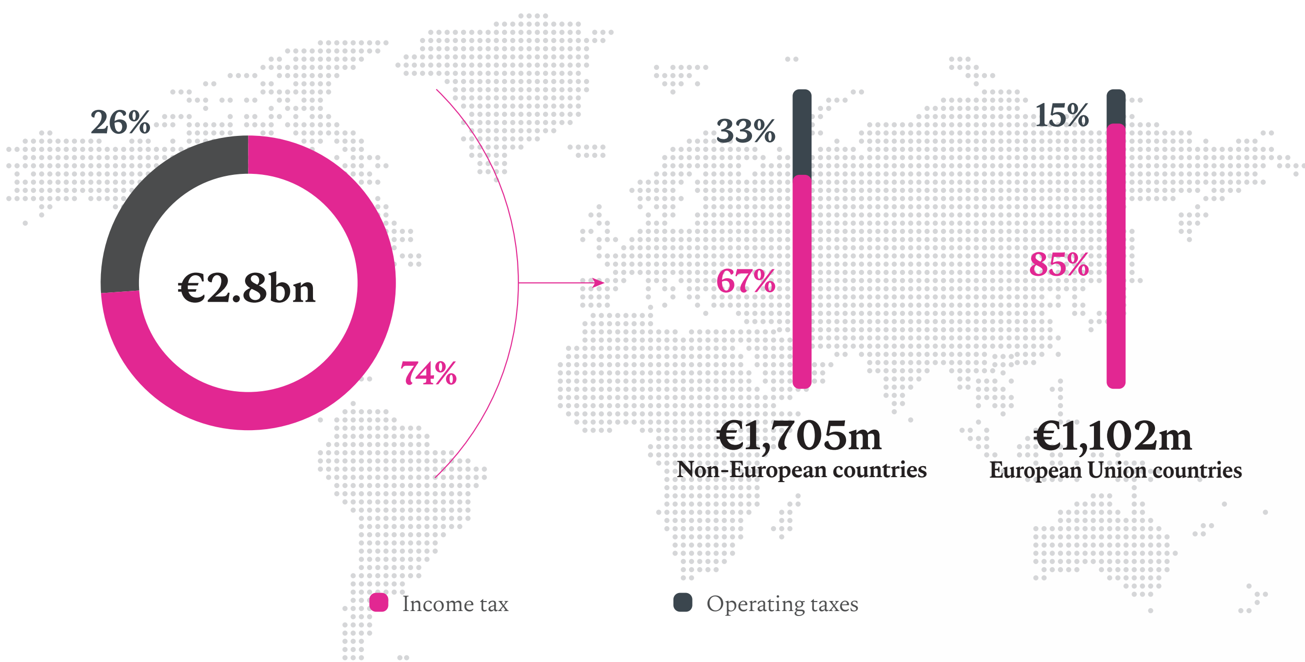
- respect for compliance rules in collaboration with the accounting departments;
- assistance and tax advice to the operational teams in the context of their projects;
- tax directives, ongoing learning and pedagogy with other parties;
- management of the tax contribution;
- management of tax and customs risks, controls, claims and disputes;
- relations with the Tax and Customs Authorities and the other public authorities; and
- tax watch and best practices involving dialogue with peers, professional associations, external auditors and law firms.

This matrix organisation, combined with the Group's tax policy respect, are the basis of successful management of the tax burden and a responsible tax practice.

2024 tax contribution

In 2024, the amount of tax L'Oréal paid to governments and local authorities was €2.8 billion. In addition to income tax, L'Oréal pays and levies numerous taxes and contributions such as sales and purchase taxes, environmental taxes, property taxes and other local taxes. The breakdown of taxation is presented annually to the Audit Committee.

The Group's tax footprint, consistent with its operational and geographical footprint, breaks down as follows in 2024



The Finance Department has reviewed and updated the tax policy each year since it was first published in 2020.

3.3 Preparation and processing of accounting and financial information

This section is based on the "Application Guide for Internal Control of accounting and financial information published by issuers", from the Reference Framework updated by the AMF on 22 July 2010. It is part of an overall process aimed at making continuous progress and improving the Internal Control system already in place.

3.3.1 Definition, scope and objectives

Internal Control for accounting and finance covers the processes that provide accounting data, i.e., the processes for producing financial information, accounts closing and communication campaigns.

The accounting and financial Internal Control process is designed to ensure:

- compliance with accounting regulations and the correct application of the principles on which the financial statements are based;
- application of the guidelines set by General Management for financial information;
- protection of assets;
- quality of the information used to prepare published financial statements and reliable centralised processing by the Group for distributing this information and using it for monitoring purposes; and
- control of the production of financial, accounting and management information, including fraud prevention.

The scope of application of the Internal Control procedures relating to the preparation and processing of financial and accounting information encompasses the parent company L'Oréal and all subsidiaries included in the consolidated financial statements.

3.3.2 Monitoring process for the organisation of accounting and finance functions

Organisation of finance departments

Under the supervision of General Management, dedicated teams of specialists are responsible for accounting and financial monitoring in the following areas: accounting, consolidation, tax matters, management, financial services and treasury.

Within the Administration and Finance Department, the Operational Finance Department is responsible for preparing the Group's consolidated financial results. As a result, it also coordinates the Business Service Centre and a worldwide network of management controllers who are responsible for ensuring compliance with the accounting and management standards to ensure appropriate management of the Group's results. In addition, an expert team is responsible for worldwide accounting management, ensuring that IFRSs are applied, and that the Group's accounting processes are implemented and harmonised worldwide and in the accounting Business Service Centre.

Lastly, the Operational Finance Department runs the Group's Tax Department. Comprising a network of tax lawyers at corporate level, in the Zones and in the Group's most vulnerable countries, the Tax Department monitors variations in regulations, ensures compliance with local rules, and oversees implementation of the Group's tax policy, particularly the transfer pricing policy and customs rules.

Within the Administration and Finance Department, the Corporate Finance Department protects the Group's financial assets. The Treasury and Financing Department centralises cash flows and the hedging of currency and interest rate risks. The department leads a network of treasurers in the Zones and Countries, and applies the Group's financing policy.

The Financial Structure Department undertakes external growth transactions and monitors the financial structures of L'Oréal S.A. and its subsidiaries. The Business Opportunities for L'Oréal Development (BOLD) corporate venture fund, which makes minority investments in innovative products and companies, is also managed by the Corporate Finance Department.

Group standards

The Group has put in place accounting policies and standards that are consistent with IFRS for consolidated financial statements. All consolidated subsidiaries must apply these standards in order to provide uniform and reliable financial information.

The Operational Finance Department oversees the regular update of these Group standards, taking into account the variations in regulations and accounting principles.

These regulations define the principles required for harmonised accounting treatment of transactions, including the methods used to record balance sheet items and to identify and value off-balance sheet commitments. The Group's Accounting Department keeps abreast of any new accounting standards currently under preparation, in order to alert General Management and prepare for their impact on the Group's financial statements.

Common to all subsidiaries, the chart of accounts and all the key accounting processes provide the definitions and methodology for preparing the reporting required to draw up the financial statements.

The management standards set out the operational application of these rules. They give the valuation rules for some of the key balance sheet and income statement items and also stipulate the controls and checks applicable to the key processes.

The management standards are regularly updated and form part of the continuous improvement process. This aims to respond to the findings of the Internal Audit Department and to cover the accounting and financial risks of the subsidiaries. This work has made it possible to bring our approach more closely in line with the recommendations set out in the "Application Guide for Internal Control of accounting and financial information" of the AMF's Reference Framework.

Organisation and security of information systems

The Operational Finance Department and the Global IT Department make joint decisions about the software suitable for the Group's financial and accounting requirements. At the level of information systems, the teams are strengthening the procedures for the separation of tasks and improved control of access rights. They have been offered tools to ensure that access rights comply with the Group's rules.

Management tools

The system for monthly reporting on economic indicators provides the foundation for continuous, uniform monitoring of the performance of each subsidiary and ensures they are in line with the objectives set.

Used by all entities, this reporting and consolidation system ensures the consistency and reliability of figures at the level of each subsidiary through blocking controls that operate before the financial data is uploaded to Group level. In this regard, the operating profit and loss account by destination, which is common to both management and general accounting, contributes to strengthening the control of accounts in the financial statements, as a single reference framework is used.

The Group's organisation is based on reporting from each subsidiary that is provided directly by the countries to the parent company, L'Oréal, without any intermediate aggregates for the vast majority of the subsidiaries. This system optimises data transfer and the completeness of information and makes it easier to check that data is accurate.

The Chief Executive Officer and Chief Financial Officer of each subsidiary make a joint commitment with regard to the quality, reliability and completeness of the accounting and financial information they have prepared and sent to the Group's Operational Finance Department, through a representation letter that they jointly sign.

Audit Committee

The role and tasks of the Audit Committee, as previously described, comply with European regulations and, in particular, Directive 2014/56/EU and EU regulation 537/2014 on statutory audits, and are based on the report by the working group on Audit Committees published by the AMF on 22 July 2010.

3.3.3 Processes used to prepare accounting and financial information

Operational processes contributing to accounting figures

Specific procedures for monitoring and for validation, authorisation and accounting rules apply to the processes that populate the financial statements, such as sales, purchases, management of inventories and non-current assets, and payroll and cash management.

Closing of accounts, consolidation and management reporting information

The closing of accounts is subject to precise instructions and a detailed time schedule. These are circulated to all subsidiaries to make sure that deadlines are met and financial statements are prepared in a consistent manner. The Group has introduced two hard closings (anticipating the work involved in the closure of financial statements) in May and November to prepare in advance and speed up closing times.

For the preparation of consolidated financial statements, validation procedures apply at each stage of the process of reporting and processing information. In particular, they verify that inter-company transactions have been correctly adjusted and eliminated (these are reported on a monthly basis), consolidation transactions have been checked, accounting standards have been correctly applied, the consolidated published accounting and financial data have been harmonised and properly determined and the general accounting data and management data used in the preparation of the financial information are consistent.

Financial communication

Managers in charge of Financial Communication prepare a precise timetable for publication of up-to-date information on the Group to the financial markets. This timetable complies with the requirements of market authorities. These managers check with the Legal Department that communications comply with the required deadlines, laws and regulations.

They also have a role in ensuring that the publication of information provided by the Operational Finance Department is precise and accurate. All material information provided to the financial community reflects with truth and transparency the situation and business activities of the Group. Furthermore, all communications are made in accordance with the principle of equal provision of information to all shareholders.

Statutory Auditors

All accounting and financial information prepared by consolidated subsidiaries is subject to a limited review at the time of the half-year closing process and to a full audit at year-end by the external auditors. Twice a year, the Chief Executive Officer and the Chief Financial Officer of each consolidated subsidiary make a joint commitment as to the fair presentation, reliability and completeness of the financial information by jointly signing a representation letter.

Audit assignments in the countries are almost all entrusted to members of the networks of the two Statutory Auditors who, after having jointly performed the review of all the Group's accounts and the manner in which they were prepared, are responsible for issuing an opinion on the Group's consolidated financial statements. The Statutory Auditors issue an opinion as to whether the consolidated financial statements and the parent company financial statements give a true and fair view. They are kept informed from the early stages of preparation of the financial statements and present an overview of their work to the Group's accounting and finance managers and to the Audit Committee at the time of the half-year and annual closings.

3.4 Preparation and processing of sustainability information CSRD

L'Oréal has had a system in place for many years for reporting, monitoring and controlling sustainability data. This system has been adapted to meet the new requirements[1] of the Corporate Sustainability Reporting Directive (CSRD, see section 4.1.3). Due to the standardised framework introduced by the CSRD through the European Sustainability Reporting Standards (ESRS), the Group has adapted the definitions it previously used for its sustainability reporting to align them with the ESRS.

This entailed formally documenting, in a single document (the "Book of Norms for Sustainability Reporting"), the definition, scope and controls for each metric required by the new regulations. This document is a constant work in progress, inasmuch as it is intended to be continually enriched by the findings of risk assessments and internal control points identified in both internal reviews and external reviews carried out by the Sustainability Auditors.

The Chief Financial Officer is responsible for preparing the Group's sustainability information, with the support of the Sustainable Finance and Legal Departments. This information is reported to the Audit Committee, which is responsible for monitoring issues relating to sustainability information and the related risk management system on behalf of the Board of Directors (see section 2.3.3.). The reporting and consolidation of sustainability data enable the Corporate Social Responsibility Department to steer the Group's non-financial performance and pursue its CSR strategy, particularly in connection with the L'Oréal for the Future programme.

The quality and reliability of sustainability reporting is based on a three-level system:

- the first level corresponds to the Group's experts producing, collecting and reporting sustainability information in their respective fields. Each of the Group's functions (Operations, Purchasing, Research & Innovation, Risk Management, etc.) therefore contributes to ensuring that the data reported complies with the applicable standards.
- the second level is a control level, whereby the Sustainable Finance function:
  - puts in place the reporting framework and information systems required to ensure the consistency, relevance and reliability of the information flows; and
  - supervises and monitors the reliability of the reporting by the entities in the Countries and Zones and at Group level.

  The Sustainable Finance function ensures consistency by carrying out a critical review of variations as well as consistency controls between the different domains. At Country level, each finance team member identified as the Sustainable Finance contact point assists the function's specialist with reviewing their reporting. Dedicated Sustainable Finance coordinators at Zone level consolidate and review the consistency of information between the various countries. The corporate support functions are responsible for performing controls on the consolidation of the information reported and aligning processes and working methods with the framework defined by the Group.
- the third level corresponds to the Internal Audit Department and Sustainability Auditors assessing that the sustainability reporting system operates effectively and issuing recommendations for its continuous improvement.

Information on sustainability reporting is relayed to the Group's teams through:

- training courses for the finance community (Country and Zone Chief Financial Officers);
- internal communication measures, such as fortnightly newsletters; and
- regular meetings with the Internal Control teams.

3.5 Vigilance Plan

3.5.1 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,

(1) This section incorporates by reference the information required by the CSRD (ESRS 2, GOV-5) for the sustainability report (section 4.1.3).

its Subsidiaries and Suppliers (see section 3.5.4). 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 3.5.5). It provides a whistleblowing and reporting system (see section 3.5.6) and presents a report on the plan's implementation (see section 3.5.7). 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, in particular chapter 4. Suppliers voluntarily conduct additional actions on these issues and L'Oréal encourages them to do so.

3.5.2 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).

3.5.3 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.

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.

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.

3.5.4 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.

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

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.

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.

(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).

(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.

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.

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.

(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.

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[1].

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.

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.

3.5.4.2 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[2]

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.

(1) https://www.fairlabor.org/projects/harvesting-the-future-of-rose-in-turkiye/
(2) This paragraph incorporates by reference the information required by the CSRD standard (E2-1) for the sustainability report (section 4.3.3.2).

With regard to water discharge, each industrial site has implemented a self-monitoring system representative of the wastewater discharged[1]. 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[2], 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) 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.

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.

(1) *Monitoring of regulated and contractual parameters: chemical oxygen demand (COD), biochemical oxygen demand (BOD), etc.*
(2) *Failure Mode, Effects and Criticality Analysis.*

(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.

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.

"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.

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

- 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.

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

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 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 CO_2 equivalent, breaking down into the following categories:

- Scopes 1 & 2 emissions: 73,017 tonnes of CO_2 equivalent;
- Scope 3 emissions: 7,187,462 tonnes of CO_2 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.

3.5.5 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.

3.5.5.1 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 the 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.

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

(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.

3.5.5.2 Monitoring compliance with the Vigilance Plan CSRD

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).
(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).

3.5.6 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.

3.5.7 Update on effective implementation of the Plan

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

3.5.7.1 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.

3.5.7.2 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.

3.5.7.3 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.

3.6 Risk factors and risk management

3.6.1 Definitions and general framework

Risk management (events or situations, the occurrence of which is uncertain, could have a financial, non-financial, or reputational impact) is a process that applies to the Company and its consolidated subsidiaries (the "Group"). Risk management consists of identifying, assessing and controlling risks that may affect the smooth running of the Company. It also participates in the Group's development by promoting the good use of resources to minimise the impact of negative events and maximise the realisation of opportunities.

In order to ensure the sustainability of its development and the achievement of its objectives, the Group strives to anticipate and manage the risks to which it is exposed in its different areas of activity. In addition, the Internal Rules of the Board of Directors specify that the role of the Audit Committee is to "ensure that General Management has the means to enable it to identify and manage the economic, financial, legal and sustainability risks the Group faces both within and outside France in the conduct of its normal or exceptional operations".

On the basis of the work by the Internal Audit Department, the analysis of major risks, in conjunction with the processes used by subsidiaries, makes it possible to identify Internal Control improvements and update the Group's standards.

3.6.2 Risk mapping

The Group's risk mapping process is led by the Ethics, Risks and Compliance Department with the support of all Functional Divisions and businesses. This mapping is reviewed by the Group's Executive Committee, which validates it.

The risk mapping for all of L'Oréal's activities is updated annually. This process to identify, analyse and assess significant risks strengthens Group actions and allows them to be prioritised. The results of this work are presented to the Audit Committee. The main risks to which the Group is exposed are described below.

3.6.3 Risk factors

The Group operates in a changing environment. Like any company, it is necessarily exposed to risks which, if they were to materialise, could have a negative impact on its business activities, its financial position and its assets, particularly in terms of reputation and image.

For taking an informed investment decision, as required by the regulations in force, this section presents the major risks in a limited number of categories (given the probability of their occurrence and the expected magnitude of their negative impact) taking risk management policies into account. In each category, the most material risks are mentioned first. This section specifies the way in which each risk factor could affect L'Oréal as well as the management policy implemented.

Risk management work classifies the residual risks by category of importance (low, moderate or significant).

However, a wholly risk-free environment cannot be guaranteed. Moreover, the Group could be adversely impacted by other risks of which it is not currently aware or which it does not consider material at the date of this document.

Major risks to which the Group believes it is exposed

		Residual importance
Business risks	Geographic presence and economic and political environment*	Significant
	Information systems and cybersecurity*	Significant
	Health crisis*	Significant
	Reputational crisis management	Moderate
	Data	Moderate
	Beauty market and innovation	Moderate
	Business ethics	Moderate
	Developments in sales channels	Moderate
	Human resources and organisational risk	Low
	Product quality and safety	Low
	Safety of people and property	Low
Industrial and environmental risks	Product availability*	Significant
	Climate change	Significant
	Environment and safety	Low
Legal and regulatory risks	Non-compliance*	Moderate
	Legal disputes	Moderate
	Intellectual property: trademarks, designs & models, domain names, patents	Low
Financial and market risks	Inflation and currency risk*	Moderate
	Financial equity risk	Low
	Risk relating to the impairment of intangible assets	Low

* *Most material risks in each category.*
Residual importance: Low — Moderate — Significant

3.6.3.1 Business risks

Business risks/Geographic presence and economic and political environment

Risk identification	Risk management
L'Oréal is a worldwide corporation that has subsidiaries in 72 countries. More specifically, the global development of the cosmetics market has led L'Oréal to develop its Travel Retail business and its business in countries of North Asia, which represented 24% of sales in 2024, SAPMENA-SSA (South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa), 9% of sales, and Latin America, 8% of sales. As a result of this globalisation, any unsettled political and economic environment in the countries in which the Group generates a significant proportion of its sales (with a strong economic downturn due to, for example, growing geopolitical tensions, lasting inflation, international trade tensions, including changes in tariffs, or sovereign debt crises) could have an impact on its business. The impact and management of inflation risks and currency risks and risks associated with economic sanctions policies are described in the risk factors entitled "Inflation and currency risk" and "Risk of non-compliance", respectively.	L'Oréal's global presence and its portfolio of 37 major international brands help to maintain a balance in sales and offsetting between the geographic zones, product categories and distribution channels (details on sales from the Zones are presented in sections 1.1.4. and 1.1.6.). An internal Risk Committee meets regularly to monitor geopolitical and geoeconomic risks and draw up action plans where necessary.

Business risks/Information systems and cybersecurity

Risk identification	Risk management
In a context of digital transformation and constant development of information technologies and their uses, and given L'Oréal's ambition to lead on Beauty Tech, the Group's business activities, expertise and, more generally, its relations with all stakeholders in its social and economic environment, depend on an increasingly virtual and digital operation. As a result, the malfunction or shutdown of these systems, the leakage or destruction of data for exogenous or endogenous reasons (including cyberattacks, malicious acts, hacks, etc.) internally or at a third party of the Group could have a material impact on the Group's business activities.	The IT Department has implemented strict security rules for infrastructures, devices and applications. Furthermore, to adapt to the development of new ways of communication and collaboration, L'Oréal has introduced an Information and Communication Technologies Code of Practice. In order to tackle the issue of an increasing number of cyber threats, L'Oréal continuously reinforces its level of cybersecurity using a risk-based management approach. To this end, a multi-year plan aimed at reducing the level of risk from cyber threats and strengthening the maturity of risk management was drawn up. This plan includes, in particular, anti-intrusion solutions, regular read teaming and penetration tests, an information system security audit programme, the protection of sensitive assets and global supervision to detect malicious activities. L'Oréal constantly adapts its cybersecurity risk management to changes in the cyber threat landscape, increasing its investments, where necessary, in prevention, protection, detection and response capabilities, while regularly monitoring the effectiveness of the measures in place. The Group is increasingly investing in incidents detection and reactions systems and regularly reviews the effectiveness of these solutions. An online training programme for cybersecurity best practices is available for all eligible employees (54,436 employees have completed the "Join the next Shield!" programme, i.e., 91% of eligible employees). Specific training programmes are also available for other employees. In addition to regular communication throughout the year, the Group conducts an annual worldwide awareness-raising campaign, Cyberweek. Management of risks related to data is described in the "Data" risk section.

Business risks/Health crisis	
Risk identification	**Risk management**
Because of its worldwide presence, L'Oréal is exposed to epidemics or other public health crises in the 77 countries in which it operates. The main risks identified cover different segments of the Group's business activities: • impairment of the health, safety and security of employees in the context of their duties and their business travel, and lockdown of the population that prevents employees from entering their work site, particularly at the manufacturing and distribution sites; • difficulties for the company to operate normally because of restrictive measures put in place by the authorities, which restrict employee access to the Group's sites, or as a result of the unavailability of individual protective equipment necessary to protect them; • supply difficulties, unavailability or increased prices of raw materials and components, and limited capacity to produce and distribute products related to restrictive health measures put in place by the authorities of the countries in which the Group operates; • reductions in product demand related to the impact of measures to restrict movement on access to physical points of sale, particularly in the Travel Retail network, which is particularly sensitive to health crises; and • financial difficulties for suppliers and clients as a result of a drastic reduction in their levels of business. Depending on duration, geographic expansion and the resulting economic and social consequences, health crises may have a material impact on the Group's activities, its performance and its reputation.	The crisis management system is led by a unit at Group level that can prevent and limit the impacts of undesirable events on all its entities. In response to a health crisis, the Group's priority is to protect the health, safety and security of its employees. The Group responds by complying with the directives of the authorities in the countries in which it operates, and applying and adapting its worldwide, high management standards for health and safety at its operational sites and in business travel situations. The Group's information systems allow for the large-scale development of flexible and remote work methods and are the subject of adequate safety protection processes. The policies to manage supply chain and inventories, and the business continuity plans of the administrative, industrial and logistics sites, equip the Group to anticipate the measures necessary to manage disruptions. Long-term relations with the Group's strategic suppliers, its policies to diversify sources and its operational continuity plans limit the impacts of these crises. The Group's presence in all distribution channels, particularly online sales capacities developed with diversified partners (owned sites, e-retailers, pure players), as well as its expertise in digitised consumer relations, help maximise development opportunities in disrupted contexts. The Group's worldwide and balanced presence in terms of geographic areas, product categories and distribution channels, the very high responsiveness and capacity for adaptation of its teams through its strategically centralised and operationally decentralised organisational model with a strong entrepreneurial spirit and its robust financial position contribute to its ability to face the economic consequences of such crises.

Business risks/Reputational crisis management	
Risk identification	**Risk management**
Detrimental events or information mainly related to the use or misuse of a product, or inappropriate behaviour by an individual, whether proven or not, could affect the reputation of L'Oréal, its 37 major international brands and its products and, as a result, affect sales and, more generally, its financial position. The impact of the risk could be amplified in particular by: • the boom in digital and social media in all countries, characterised by the consistent increase in the influence of social media and the speed at which information and controversies are circulated; • the increase in the risk of false or incorrect information about the Group, its brands and its products being posted on social media, with this risk heightened by the growing use of artificial intelligence; and • changes in society, with the Group or one of its brands being targeted by consumer or other civil society organisations in a context of increasing polarisation of views. The impact and management of risk associated with social selling, particularly via influencers, are described in the risk factor entitled "Changes in sales channels". See the "Safety of people and property" risk factor in the security crisis management information.	L'Oréal has implemented the following: • crisis communication training, creation of a crisis management system dedicated to reputation protection and creating a network of experts, and support for the communication teams on key topics for the Group; • crisis risk management at corporate and local levels; • permanent monitoring (across 14 languages) of the Group's media including social media accounts. The subsidiaries implement their own social media and web monitoring systems under the responsibility of their Head of Communication and immediately report any media risk in their country to the Corporate Communications Department; and • a crisis management procedure set up by L'Oréal aimed at preventing, managing and mitigating the consequences of undesirable events on the company worldwide. The Group crisis management officer reports directly to General Management. The rollout of the Code of Ethics throughout the Group is aimed at reinforcing the dissemination of the rules of conduct which form the basis of L'Oréal's integrity and ethics. These rules of conduct seek to guide actions and behaviour, inspire good choices and make sure that the Group's values are reflected in the everyday acts of each employee. L'Oréal has implemented a Code of Good Practice for the Use of Social Media for its employees.

Business risks/Data	
Risk identification	**Risk management**
The data collected and processed by L'Oréal or its partners, the volume of which is increasing with the growth in digital activities, particularly personalised services for consumers, could be altered, lost, illegitimately copied or transferred or even fraudulently used. Furthermore, personal data protection regulations are being reinforced throughout the world. In particular, the European General Data Protection Regulation (EU) 2016/679 of 27 April 2016, which came into force on 25 May 2018, known as the GDPR, provides for major sanctions in Europe, as does the CCPA in California, the LGPD in Brazil or the PIPL in China and the POPI Act in South Africa. The increasing adoption of various laws aimed at limiting and controlling the transfer of data is also a growing risk factor to which L'Oréal is exposed. Any breach of data integrity or confidentiality, particularly personal data processed by L'Oréal or its partners, for exogenous or endogenous reasons (including intrusions, malicious acts, etc.) could impact the privacy or safety of its users, have a significant impact on its reputation and consumer confidence and thus on the Group's business activities and financial position.	The Group constantly and progressively rolls out policies, training and data management tools as well as the associated organisational and technical measures. The Global IT Department has introduced strict rules about data security (back-up, protection and restrictions on access to confidential data). See also the "Information systems and cybersecurity" risk. The Group is extremely attentive about the use of data in connection with artificial intelligence technologies. The Group's principles governing the processing of personal data have been rolled out all over the world to raise the awareness of all employees about respect for ethical principles, and legal and regulatory requirements in the matter. The organisation set up is based on a Global Data Privacy Office at Group level, comprising a legal unit and a programme unit. A Group Data Protection Officer was appointed in 2018 and a network of 51 Country DPOs has been created for all countries in the Europe Zone and gradually in other regions of the world. The governance is based on a Global Strategic Committee, a Steering Committee by region, as well as a network of Heads of Data Privacy within the Transversal Functions and Zones, responsible for the protection of personal data. They provide support to all operational stakeholders involved. This governance structure aims in particular to monitor the Group's compliance with different laws, by ensuring the mobilisation of all stakeholders and by adapting customer, supplier and business line processes to the Group's rules and to applicable laws. L'Oréal's commitments in terms of personal data and the risk management systems are detailed in section 4.8.

Business risks/Beauty market and innovation	
Risk identification	**Risk management**
L'Oréal is under constant pressure from many competitors and players in the beauty industry in all countries due to: • its size and the positioning of its brands in various markets in which major international groups operate; • local brands and new players coming from the digital economy; and • fast-changing technological developments, including in emerging fields of research by new market participants, both in terms of products and raw materials. If the Group fails to anticipate or respond to changes in consumer expectations, especially in the areas of natural beauty, health, personalised services, smart objects and environmental commitments, with innovative and adapted product offerings, its sales and growth could be affected.	The Group continually adapts its innovation model and is constantly increasing its investments in research and digital services. L'Oréal's Research & Innovation (R&I) team innovates to respond to the infinite diversity of beauty aspirations all over the world. The R&I team enters into research and development partnerships for new products, technologies and raw materials, particularly under the Group's Open Innovation programme, and BOLD (Business Opportunities for L'Oréal Development) invests in innovation companies. The Consumer & Market Insights Department, within the Innovation Department, constantly monitors changes in consumer expectations by product category and major regions of the world, and a tool has been introduced to measure consumer satisfaction with the Group's products. The Group also tracks changes in consumer aspirations and behaviour by analysing sales and monitoring social media. These research programmes all form part of a long-term vision. They equip L'Oréal to rise to the challenges of innovation (see section 1.3.4). The Digital and Marketing Department is responsible for accelerating the Group's digital transformation by helping the brands create more conducive spaces for expression and supporting teams in forging more interactive, close-knit and bespoke relationships with consumers. Consumer expectations with regard to sustainability are also at the heart of the L'Oréal for the Future programme (see chapter 4). These are taken into account in developing the Group's brand and product portfolio. The Group's acquisition strategy always takes into account changes in the competitive environment.

Business risks/Business ethics	
Risk identification	**Risk management**
As L'Oréal is a worldwide group of over 90,000 employees, which operates in 77 countries at some 400 sites (excluding stores and point-of-sales outlets of distributor customers), it cannot exclude potential breaches of its ethical commitments (Code of Ethics based on the four Ethical Principles of Integrity, Respect, Courage and Transparency, its Human Rights policy, support of the United Nations Global Compact and the United Nations Sustainable Development Goals, etc.), whether directly by its employees, or indirectly because of the activities of its partners, particularly its suppliers and subcontractors. In addition, civil society is expressing higher expectations with regard to companies' integrity and transparency and the way they manage scientific and technological innovations. These expectations may, for example, relate to the responsible use of artificial intelligence. Such failures to comply with its commitments or the lack of a response to new ethical questions could have an adverse impact on the Group's reputation and expose it to criminal or administrative sanctions.	The Group's policies on sustainability, social and societal responsibility, compliance and philanthropy are based on these Ethical Principles. The role and the resources assigned to the Chief Ethics Officer set him up for success in his work, to which end he may call on all the Group's teams and resources (see section 3.2.1.). Specific training for management teams, regular dialogue with stakeholders and the establishment of internal working groups underpin the inclusion of Ethics in the Group's new policies and strategic decisions. The ethical risks are mapped and regularly updated, including for suppliers and subcontractors (see section 3.5.5.2). The circulation of the Code of Ethics and specific complementary policies throughout the Group, mandatory specific e-learning and ongoing communication campaigns via an Ethics Day ensure that employees are aware of the ethical standards. A network of 80 Ethics Correspondents around the world and regular contact between the Chief Ethics Officer and the Countries ensure close relationships with employees. Compliance with the Code of Ethics is taken into account each year when evaluating the overall performance of employees. Potential breaches are managed through regular audits of the Group's sites and those of its suppliers and subcontractors (see section 3.5), Speak Up, the Group's whistleblowing system (www.lorealspeakup.com) which launched in 2018 and is accessible to all Group stakeholders, and through a procedure to collect and process reports. L'Oréal has drawn up a set of Principles for Trusted Artificial Intelligence, which were incorporated into the 2023 update of the Group's Code of Ethics.

Business risks/Developments in sales channels	
Risk identification	**Risk management**
To market its products, L'Oréal leverages not only traditional independent distribution channels and the development of direct-to-consumer distribution for certain brands (directly owned stores and e-commerce), but also social media. For example: • by developing networks of Group brand ambassadors and communities to be part of the conversation around brands and products (partnerships with relevant influencers, advocacy marketing, etc.); and • by promoting social selling to better target the needs and expectations of consumers who are increasingly turning to these channels. The impact of the risk could be amplified, in particular by the emergence of social beauty, which is connected and shared, and by the role of influencers as opinion leaders with a significant following and/or subscribers. Undisclosed adverts or posts that materially mislead consumers or cause serious or widespread offence by an influencer on one of the brands in the Group's portfolio, or neglecting the importance of new sales and marketing strategies on social networks, could impact results. See also the "Reputational crisis management" risk.	The presence of the Group's brands in all types of distribution channels allows the Group to offer its products and services, whatever the consumer practices. The departments concerned anticipate trends to adapt to these changes and, in particular, have steadily developed online sales with diversified partners (e-distributors, platforms, and market places). A policy called The Way We Compete is applicable Group-wide and sets out the competition law principles to be respected when working with different types of distribution channels. The Group has set up a solid internal control system, including the rollout of certain guidelines: • a Code of Good Practice for the Use of Social Media for its employees; • an Influencer Values Charter and a Social Selling Values Charter that each influencer or social seller with whom L'Oréal collaborates undertakes to respect; and • the Group's principles and the operational processes to be applied in relation to partnerships with influencers and social sellers, circulated worldwide to all employees involved in advocacy marketing. The Group seeks to work with influencers and social sellers who share its values and Ethical Principles. Depending on the nature of the relationship, the Group reserves the right to pursue due diligence by way of reviewing information already in the public domain. These documents effectively complement the rules of conduct set out in the Group's Code of Ethics.

Business risks/Human resources and organisational risk	
Risk identification	**Risk management**
One of the keys to L'Oréal's success lies in the talent of its employees to ensure its growth. This is all the more true as L'Oréal is changing within a complex, highly competitive and rapidly changing environment (globalisation, diversity, equity and inclusion challenges, sustainability matters, acceleration of the digital transformation, etc.) that requires specific expertise. Today's job market is characterised by new employee expectations, particularly in terms of hybrid working (i.e., a mix of in-office and remote work), which has now become standard practice. If L'Oréal fails to identify, attract, recruit, retain, promote and develop competent and engaged employees who behave responsibly within diverse teams, the development of its activities and its results could be affected. Moreover, given L'Oréal's activities, particularly its industrial operations, the risk of occupational injuries or illnesses could become a reality. Psychosocial risks may affect the well-being of Group employees. This could also have an adverse impact on their commitment and, consequently, on the Group's performance. The Group's ability to develop its business depends on the projects it puts in place to drive change (new information systems, processes, organisational structures, etc.), which require significant human and financial resources. Insufficient support for change could affect the successful implementation of these projects which would adversely impact the Group's performance.	The Group is developing a motivating, professional environment with respect for its ethical values, including diversity, equity and inclusion. A long-term approach is taken to the recruitment and development of employees, which also helps ensure the continuity of key functions within the Group, in which training plays a core role throughout an employee's career. The remuneration policy combines external competitiveness and internal fairness. It recognises both individual and collective performance. The worldwide Share & Care programme meets the essential needs of each of the Group's employees in terms of benefits, healthcare, parenthood, flexibility and quality of life at work. Initiatives for stress prevention, psychological support and workstation ergonomics have been arranged. In order to meet employees' expectations in this new hybrid working environment, L'Oréal has developed a balanced Group policy to ensure that opportunities for cooperation, discussion and creativity are always prioritised. Since 2010 and as part of the 2030 Health and Safety Strategy, the Group has set itself ambitious objectives and defined global procedures and standards based on two pillars: risk management and the development of an interdependent Health and Safety culture (see section 4.7.2.2.3). After an initial component of its Simplicity programme centred around the transformation of managerial behaviour was launched in 2018, the Group implemented a second component, Simplicity 2, in 2023, which focuses more on work habits and processes with a view to providing concrete solutions regarding workload, reducing tasks with low added value and improving employee well-being at work. The Pulse survey, an annual employee satisfaction survey, helps identify potential well-being risks and implement appropriate action plans. L'Oréal has set up a Group Transformation Department which manages project prioritisation, oversees the Group's transformation roadmap and rolls out change management policies and support measures.

Business risks/Product quality and safety	
Risk identification	**Risk management**
Placing a product on the market that does not meet the safety requirements, or consumer or stakeholder questions about the quality and safety of L'Oréal products, whether based on proven facts or not and whether or not they are related to the use or misuse of a product, could affect consumer confidence, the Group's sales and, more generally, its financial position, particularly if individual or group claims are brought or products recalled.	Consumer safety is an absolute priority for L'Oréal: assessing safety is central to any new product development process and a prerequisite before any new product can be brought to the market. The principles governing the Group's quality and safety policy are: • satisfaction of customer needs; • compliance with safety requirements and laws; • maintenance of standards and regular updates of safety assessment approaches; and • product quality and compliance across the supply chain. The Environmental Safety Department specifically evaluates the safety of raw materials and finished products. It establishes the toxicological profile of the ingredients used and the tolerance of the formulas before they are launched on the market, so that the Group's products can be guaranteed to be completely safe for consumer use. The same safety standards are applied worldwide to ensure identical quality across the globe. In anticipation of updates to regulations, the environmental profiles of the raw materials (that exist or are included in the catalogue) in finished products are also evaluated with the aim of reducing the environmental impact of the ingredients used by the Group. Through its international cosmeto-vigilance network, L'Oréal goes one step further in safety assessments by monitoring the potential adverse effects that may arise once the product is on the market, in order to take the appropriate corrective measures, if necessary (see section 4.10). In terms of questions that members of civil society may ask regarding certain substances and their effects on health and the environment, L'Oréal's position can be summarised in three points: • vigilant monitoring of any relevant new scientific data; • cooperation with the relevant authorities; and • precaution leading to the substitution of ingredients in the event of a proven or strongly suspected risk. L'Oréal draws on the work of its scientific teams to answer consumers' questions about the safety of its products. Quality standards are defined by our Conception Quality Systems for Formulas, Packagings and Manufacturing Processes and by our Conformity Quality Systems for Production and Supply Chain. All factories are ISO 9001 certified for their production and follow the Best Manufacturing Practices in accordance with the ISO 22716 standard. In the case of production subcontracting, the rules governing the choice of the subcontractor and its production follow the same principles. The subcontracting quality charter takes up these requirements, compliance with which is assessed during audits, with the plan regularly strengthened to ensure appropriate checks of our partners.

Business risks/Safety of people and property	
Risk identification	**Risk management**
As a worldwide group operating in 77 countries and across some 400 sites (excluding stores and point-of-sales outlets of distributor customers), the Group is exposed to a variety of risks inherent to the environment in which it performs its activities (war, geopolitical, climate, health/pandemic, economic and social risks, malicious acts, climate and natural disasters). The direct and indirect consequences of these risks may adversely affect people and the assets of the Group (tangible and intangible).	In order to permanently protect these persons and resources (or Group assets) against malicious acts, the Security Department helps in the preventive implementation of technical, HR and operational procedures to limit the residual risk of malicious damage and support the Group's international development in all countries concerned. The Security Department has developed a worldwide resilience improvement programme, and as part of this: • in conjunction with related key players, it coordinates the security crisis management procedure designed to prevent, manage and mitigate the impacts of security incidents worldwide, and it mobilises specific crisis management units when needed; • it establishes processes for alerting and reporting, mobilisation, decision-making using the CALM method, demobilisation and feedback; • it coordinates the rollout of business continuity plans for all administrative sites; • it coordinates assistance for Group employees who travel for international assignments; • it has implemented a watch and evaluation of the state of security in the countries in which the Group is active; • it conducts assessment updates in the countries in which it is present; • it defines the minimum security standards to be implemented to protect the Group's activities; • it organises training sessions and runs crisis management exercises for all entities affected; and • it develops tools to be put into action at the very start of the crisis: the POB (People On Board) and the Security Check are primarily used to assess impacts on people. The security measures are regularly adjusted and reassessed based on the local situation and the level of exposure of employees and sites.

3.6.3.2 Industrial and environmental risks

Industrial and environmental risks/Product availability	
Risk identification	**Risk management**
In the context of a globalised supply chain and the increased geographic concentration of certain supply sources, the failure of an external supplier to deliver raw materials, filling and packaging articles or finished products, whether resulting from operational difficulties or significant failures to comply with ethical commitments, along with a major interruption of operations in a L'Oréal industrial unit or shipping hub, could impact the Group's sales because of the unavailability of products that could result from this. The impact of these risks could be amplified if the Group is dependent on certain suppliers. In 2024, Group purchases related to production totalled €6.1 billion or 14% of its sales. The impact and management of risk associated with the availability of products caused by climate change are described in the risk factor entitled "Climate change".	L'Oréal regularly revises its security inventory policies for expected risks, anticipates growth scenarios, reserves capacities with its suppliers and negotiates long-term contracts with them. There are business continuity plans in place for each operational site. The Group is currently rolling out a single methodology of business continuity plans at all its factories and distribution centres. These plans aim to anticipate disruption at Group supply chain sites and ensure timely business continuity. L'Oréal has set up a centralised raw materials team that uses action plans to manage and anticipate risks of raw materials not being available, including seeking alternative sources and reviewing formula design. For its packaging, L'Oréal duplicates moulds for its strategic products, implements operational continuity plans with its suppliers and reviews, if required, the design of its formulas and finished products. The main suppliers and subcontractors are asked to comply with the Mutual Ethical Commitment Letter, which covers, in particular, Human Rights, working conditions, environmental protection and integrity.

Industrial and environmental risks/Climate change	
Risk identification	**Risk management**
The Group's activities are exposed to the physical and transition risks related to climate change. The increase in risks of natural origin, both extreme and chronic, the loss of biodiversity, and the increased pressure on water resources could impact the availability of finished products by disrupting the Group's operations and supply chain. The scarcity of resources and the implementation of the transition towards a low-carbon economy could also increase costs through, for example, higher plastic packaging recycling costs or carbon taxes. Insufficient consideration during product design related to the impact of their usage by consumers could represent a risk for sales in certain areas of the world affected by water stress or the lack of adapted infrastructure to collect and treat waste and wastewater. Consumer choices could be increasingly influenced by the impact associated with the use of a product (its carbon footprint, water footprint or impact on biodiversity) and by the Group's overall environmental performance, particularly in terms of reducing its CO_2 emissions across all Scopes. If the Group did not sufficiently anticipate all these impacts and did not initiate a voluntary process to reduce and adapt to climate change, its financial and non-financial performance as well as its reputation could be impacted.	Taking into account environmental challenges, and in particular efforts to combat climate change, is an integral part of L'Oréal's business model In December 2023, in its Climate Transition Plan, the Group announced a new series of decarbonisation objectives for 2030 and 2050, covering Scopes 1, 2 & 3 greenhouse gas emissions. These objectives, were validated by the Science Based Targets initiative (SBTi) in April 2024, building on the achievements of the L'Oréal for the Future programme and reaffirming the Group's ambition to achieve Net Zero by 2050. The targets are as follows: ● in the short term, i.e., by 2030, reduce Scopes 1 & 2 emissions by 57% and Scope 3 emissions by 28%*; ● in the long term, i.e., by 2050, reduce Scope 1, 2 and 3 emissions by 90%*, offsetting residual emissions to achieve net zero. L'Oréal has undertaken to ensure that, by 2030, all water used in the Group's industrial processes will be recycled and reused on its sites, prioritising the rollout of the required equipment according to the water situation of the watersheds in which L'Oréal operates. Management of potential consequences of extreme events is described in the section on "Product availability" risk. The Group also launched a programme called Green Sciences to shift its raw material portfolio through the development of ingredients with a favourable environmental profile, in minimising the environmental impacts associated with growing plants sources of these ingredients (deforestation, soil depletion, consequences on biodiversity, for example), and by leveraging eco-friendly processes that prevent upstream pollution. L'Oréal has specific training programmes for raising employees' awareness about issues related to the climate, water, biodiversity, and resources. These programmes have recently been rounded out by Going Sustainable Together – a priority training course for all employees, which teaches practical ways of incorporating sustainable practices into their professional lives, and forms part of the L'Oréal for the Future programme. To inform its consumers and help them make more sustainable consumer choices, the Group has developed an environmental display system for its products, with a rating ranging from A to E, which takes into account 14 factors of impact for the planet, including greenhouse gas emissions. This system has been rolled out across 12 of the Group's brands in 32 countries in Europe, North America and China. At the same time, L'Oréal actively contributes to the collaborative work of the EcoBeautyScore Association, which aims to develop a standardised scoring system across the entire industry. L'Oréal also implements action plans on specific issues as described in chapter 4, which constitutes the Group's Sustainability Report and includes the recommendations of the TCFD.

* *These targets correspond to absolute value reductions compared with the base year of 2019.*

Industrial and environmental risks/Environment and safety	
Risk identification	**Risk management**
The Group, with its 78 industrial sites (owned factories and distribution centres), including three classified as "Seveso high threshold", is exposed to various industrial risks related to the environment and safety (fires, explosions, failure of equipment or safety systems, or even human failure in the operation of the existing facilities or management of the work, etc.), which can result in injuries, accidental pollution within or outside the Group sites, particularly when they are located in a populated area, and/or the temporary unavailability of an industrial site. The occurrence of such events could have a financial, operational and/or reputational impact.	The Group's Environment, Health and Safety (EHS) policy aims to minimise the impact on the environment and guarantee the health and safety of employees, customers and the communities in which L'Oréal carries out its activities. As a result of this policy, the risks inherent in our business activities are systematically identified and brought under control. The Operations Department issues internal rules that set out the principles of L'Oréal's EHS policy. Each site is covered by an EHS officer. EHS risk management programmes, methods and tools are implemented and the corresponding training programmes are being rolled out systematically. EHS performance indicators are collected monthly from all factories, distribution centres, and administrative and research sites with over 50 people. Special audits are conducted by internal EHS teams and external independent experts. The fire risk is controlled by very strict fire prevention standards (National Fire Protection Association standards or equivalent). Industrial sites classified as "Seveso" are subject to specific procedures adapted to the nature of the risks related to storage of chemicals or flammable materials and are in compliance with the regulations. Since 2020, the Group has extended compliance with the main requirements of the European Seveso Directive beyond the European Union to all sites it operates worldwide. Across all its sites, the Group strives to reduce its greenhouse gas emissions, its water consumption and its waste generation and to limit the impact of its activity on biodiversity. It also pledges to reduce the footprint from the transport of its products and to no longer send waste to landfill. Details of how the risk relating to the temporary unavailability of an industrial site is managed are given in the section on "Product availability".

3.6.3.3 Legal and regulatory risks

Legal and regulatory risks/Non-compliance

Risk identification	Risk management
The Group is subject to many general and specific laws, such as the European REACH and CLP (Classification, Labelling, Packaging) regulations on cosmetic products intended to strengthen the safety of cosmetic and chemical products for humans and the environment, and legislation on competition and corruption and international trade controls, including policies on economic sanctions. The diversity and constant reinforcement of the regulatory environment expose the Group to a risk of non-compliance and increased compliance costs. L'Oréal remains exposed to the risk of default or fraud, which could have an impact on its reputation, its business activities and its results. In its communications, L'Oréal highlights the innovative nature, quality and performance (including environmental) of its products. These communications may be challenged by authorities, organisations or consumers, despite every care used to guarantee their accuracy and fairness. Such actions could affect sales or, more generally, the Group's financial position, particularly if claims are made or products recalled. See also the "Legal Disputes" risk.	In accordance with its Code of Ethics, L'Oréal attaches particular importance to compliance with the laws and regulations that apply to it. This obligation to comply with local legislation is emphasised specifically in the Group's Legal Charter, which sets out the rules applicable within the Group in terms of contracts, corporate law, intellectual property and competition law, embargoes and economic sanctions, and protection of personal data. To ensure compliance with these rules, the Group has implemented a robust governance structure involving all of the Group's operating entities and Functional Divisions. This governance means that the Group is able to monitor legislation on an ongoing basis and to take any measures necessary to comply with it in a timely manner. The main legal risks are reported to General Management and to the Audit Committee. To ensure any embargoes are observed, the Group has put in place rules on the terms of delivery and transport of its goods, with the aim of ensuring the control and compliance of formalities in terms of customs imports and exports. Learning programmes about customs fundamentals are also delivered to all appropriate employees in the Operations Department. The Group's Legal Department has set up dedicated training courses in competition law for all appropriate employees. L'Oréal is also involved in an ongoing dialogue with national or regional authorities in charge of specifically regulating products in its sector through the professional associations to which it belongs. With regard to the REACH and CLP regulations, L'Oréal communicates proactively with its European suppliers in order to ensure a long-term supply of compliant raw materials. An action plan has been drawn up at L'Oréal in order to improve the design and methods used to assess the safety of raw materials. It led to the end of testing finished products on animals in 1989 (14 years before it became a legal obligation in Europe) and the development of predictive evaluation strategies to meet European regulations. In the areas of fraud and corruption, the rollout to all Group subsidiaries of programmes to prevent corruption (see section 3.2.3) and raise awareness of fraud risk contribute to the management of these risks. In terms of taxation, the Group refers to a tax policy and the systems described in section 3.2.4. The Regulatory and Claims Substantiation Department checks that product communications are compliant with regulations in force before the products are introduced on the market. The Group's Code of Ethics sets out the fundamental principles of responsible communication and L'Oréal has made a commitment to implement the International Chamber of Commerce Consolidated Code of Advertising and Marketing Communication Practice and the Cosmetics Europe Charter and Guiding Principles on responsible advertising and marketing communication to which the key global cosmetics industry players in Europe adhere. The Group's principles for "responsible product advertising" are described in a summary brochure disseminated worldwide to raise employee awareness about compliance with ethical principles, specific legal and regulatory requirements, and operational processes for the prior control of product communications.

Legal and regulatory risks/Legal disputes	
Risk identification	**Risk management**
In the ordinary course of its business, in view of its global reach and the increasing complexity of the legal and regulatory environment, the Group may be involved in varying types of legal disputes and may be subject to tax, customs and administrative audits. Certain disputes could have an impact on the Group's financial position and/or reputation. See also the "Non-compliance" risk.	When assessing risks associated with legal disputes, L'Oréal takes into account the specific features of local legal environments, particularly for product liability in the United States, where the risk is exacerbated by the possibility of serial individual legal proceedings or class actions, as well as by the high costs of legal defence, the unpredictability of verdicts handed down by juries, and intense media coverage of certain proceedings and decisions. The main legal risks are reported to General Management and presented to the Audit Committee. The Group is currently involved in legal disputes related to competition law, product liability and taxation. It carefully monitors any disputes in which it may be implicated, and uses all legal means to defend its legitimate interests. For this purpose it relies on the expertise of the Legal Department (at Group, Zone and Country level), the Tax Department, and its external advisers, as well as on input from other corporate support functions at Group, Division and Zone level. L'Oréal has no knowledge of any governmental procedures, legal or arbitration proceedings, pending or threatened, that may have, or have had over the last 12 months, material effects on the financial position or profitability of the Company and/or the Group, other than those described in note 12.2 "Contingent liabilities and significant ongoing disputes" to the consolidated financial statements.

Legal and regulatory risks/Intellectual property: trademarks, designs & models, domain names, patents	
Risk identification	**Risk management**
The brands, particularly the 37 major international brands, designs, models, domain names and patents filed are strategic intangible assets for the Group. Given the image and reputation of the Group around the world and given the large number of patents (694 in 2024) and trademarks filed by L'Oréal, third parties could: • dispute the validity of L'Oréal's intellectual property rights, or attempt to enforce their intellectual property rights against the products marketed by L'Oréal; or • infringe on L'Oréal's intellectual property rights, reproduce or imitate the Group's packaging and products in order to benefit illegitimately from the name or associated technologies and thereby make undue profits from the efforts and investments made by the Group. Given the competitive context in which a growing number of patents and trademarks are filed, and in which some intellectual property rights result from acquisitions or are developed by third parties ("open development"), the free use of a technology or full availability of a brand before any launch cannot, therefore, be completely secured by L'Oréal. The proliferation of content generated using Artificial Intelligence (AI) is giving rise to a number of risks in terms of intellectual property, including uncertainty as to the ownership of rights to works and the possibility of benefitting from copyright protection, as well as a higher risk of infringement of third-party rights.	Special care is given to the protection of trademarks, designs, models and domain names belonging to the Group. This responsibility is entrusted to a special unit of the Legal Department. The department oversees the worldwide protection, management and defence of intellectual property rights via searches for prior rights, monitoring of registration and renewal procedures, the implementation of monitoring services and the launching of appropriate legal action against counterfeiters (legal proceedings, customs operations, etc.). In order to protect the Group against the risk of appropriation of a molecule, a formula, packaging, an application system or an application by another company, L'Oréal has set up the International Industrial Property Department, a specific structure which is part of the Research & Innovation Department. This department is responsible for filing, obtaining and defending the Group's patents worldwide. In addition, it conducts studies on the free use of Group products with regard to third-party patents and monitors the legality of competitors' products with regard to the Group's patents. The Group is also an active member of organisations which have set themselves the goal of combating counterfeiting and promoting best commercial practices. This is the case of the UNIFAB (Union des Fabricants), the APRAM (Association des Praticiens du Droit des Marques et des Modèles), and the AIM. In order to mitigate and manage these risks, L'Oréal trains its employees and raises their awareness through measures such as providing guidelines on the creation and distribution of AI-generated content. The Group has an ongoing legal and regulatory watch system in place for monitoring intellectual property risks.

3.6.3.4 Financial and market risks

Financial and market risks/Inflation and currency risk	
Risk identification	**Risk management**
Due to its international presence, L'Oréal is naturally exposed to currency fluctuations. In addition, business flows resulting from purchases and sales of items, products, royalties and services arise between subsidiaries in different countries. Procurement by subsidiaries is mainly in the currency of the supplier's country. Fluctuations between the main currencies and customs duty rates may therefore have an impact on the results of the subsidiaries, but also on the Group's results during the conversion of non-euro subsidiaries' accounts into euros and, as a result, make it difficult to compare performances between two financial years. Furthermore, as a result of inflation, the Group is exposed to increased volatility in global currencies and to an increase in the cost of its supplies, in particular. The impact of hedging on equity and the analysis of sensitivity to currency fluctuations are detailed in note 11.3. "Other comprehensive income" in the consolidated financial statements. Lastly, the impact of foreign exchange gains and losses on the income statement is described in note 10.2. "Foreign exchange gains and losses" of the consolidated financial statements.	The Treasury and Corporate Finance Charter specifies, in particular, the principles to be applied by Group entities to ensure that management of currency risk is both prudent and centralised. To limit currency risk, the Group applies a predetermined strategy whereby it hedges a significant portion of its annual requirements for the following year through currency forward contracts (purchases or sales) or through options. Hedging requirements are established for the following year on the basis of operating budgets of each subsidiary. These requirements are then reviewed regularly throughout the year in progress and the hedging is adjusted. For better visibility over the flows generated, the management of currency risk is centralised through the Treasury and Corporate Finance Department at head office (part of the Group Corporate Finance and Financial Communications Department), which uses a specific tool for centralising the subsidiaries' requirements by currency. The system of foreign exchange risk hedging is presented to the Audit Committee. The hedging methodology and the equities involved are described in note 10.1. "Hedging of currency risk" to the consolidated financial statements. It is adjusted according to the economic and financial situation. The Group closely monitors changes in customs duties and tariffs in order to forward plan for their impact, and adapts its Operations policy where necessary. In addition, the management tools developed can be used to mitigate the impact of inflationary tensions through product recovery strategies and sourcing adaptation strategies.

Financial and market risks/Financial equity risk	
Risk identification	**Risk management**
The main equity risk for L'Oréal is the 9.36% and 10% stakes it held, respectively, in Sanofi[1] and Galderma at 31 December 2024 (see note 9.3. "Non-current financial assets" to the consolidated financial statements), the value of which fluctuates primarily as a function of global market trends, their results and, more generally, the economic and financial data of the companies as well as their industry segment. A significant decrease in the amount of the dividend paid by Sanofi, or a significant or extended decline in its market price or that of Galderma, could have an impact on L'Oréal's share price.	This interest and changes in the market in which Sanofi and Galderma operate are monitored on a regular basis. At 31 December 2024, Sanofi's per-share market value was significantly higher than the value recorded in L'Oréal's balance sheet. As at 31 December 2024, the market value of Galderma was significantly higher than its historical cost on the L'Oréal balance sheet (see note 9.3. "Non-current financial assets" to the consolidated financial statements).

Financial and market risks/Risk relating to the impairment of intangible assets	
Risk identification	**Risk management**
L'Oréal's intangible assets, which are primarily its 37 major international brands, and the goodwill recognised at the time of external growth transactions, are susceptible to impairment.	As detailed in note 7. "Intangible assets" to the consolidated financial statements, brands with an indefinite useful life and goodwill are not amortised but are tested for periodic impairment at least once a year. Where the recoverable amount of a brand is lower than its net carrying amount, an impairment loss is recognised. Similarly, any difference between the recoverable amount of each cash-generating unit and the net carrying amount of the assets including goodwill would lead to an impairment loss in respect of the asset, recorded in the income statement. This is reported to the Audit Committee. The amounts for the last three financial years are provided in note 4. "Other operational income and expenses" to the consolidated financial statements. The data and assumptions used in impairment tests carried out on cash-generating units for which the goodwill and non-amortisable brands are material, are presented in note 7.3. "Impairment tests on intangible assets" of the consolidated financial statements.

(1) *On 3 February 2025, L'Oréal announced that it had signed an agreement providing for Sanofi to buy back around 29.6 million Sanofi shares at a price of €101.5 per share, representing a total of €3 billion. Following this transaction and the cancellation of the shares bought back by Sanofi, L'Oréal will hold 7.2% of Sanofi's share capital and 13.1% of its voting rights.*

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AFR *This information is an integral part of the Annual Financial Report.*

CSRD *Sections containing information from the Sustainability Report.*

4.1 Introduction

Read the sustainability report: your guide for understanding L'Oréal's approach under the CSRD framework

This sustainability report presents L'Oréal's main environmental, social and governance (ESG) impacts, risks and opportunities, as well as its main sustainable development commitments. It forms part of an approach based on transparency towards our stakeholders, including investors, consumers, employees[(1)], suppliers, customers (distributors) and civil society. This report has been drawn up in accordance with the new Corporate Sustainability Reporting Directive (CSRD), which is aimed at standardising and improving the quality of sustainability reporting published by European companies. The reporting scope is based on that of the financial statements, with certain exceptions and estimates (based on the information available at the date of the report). These exceptions and estimates, together with the related uncertainties and limitations, are described in section 4.14.

The essentiality of beauty

Beauty is a universal aspiration that transcends time, borders and cultures. More than just desire, beauty fulfils a deep-seated desire rooted in our lives and in society. Our contact with beauty starts with our first breath and ends with our last. Every important moment of our lives – first lipstick, marriage, celebrations – involves beauty rituals that act as a social bond, feeling at one with ourselves and connecting us to others.

Beyond appearances, beauty is closely linked to health and well-being. In a world where almost two billion people suffer from skin problems, the beauty industry plays a crucial role in prevention and treatment, thereby having a positive effect on physical and mental health. Feeling beautiful boosts self-confidence and facilitates social bonding, giving expression to individual identity in an increasingly connected world. In today's digital age, "social beauty" is re-inventing our interaction with each other, facilitated by social networks and e-commerce, widening access to products. L'Oréal is a pure player in this rapidly changing market, in which innovation and creativity are driving change.

Innovation for excellence

Innovation is central to the L'Oréal model. With over €1.354 billion invested in Research & Innovation and 4,200 researchers, L'Oréal turns scientific discoveries into concrete solutions, keeping one step ahead of the needs of a global market in continual flux. L'Oréal's strategy is built on the two complementary pillars of universalisation and singularisation. L'Oréal's unique multi-polar model allows us to respond to the aspirations of all consumers while respecting local cultural diversity. The interplay in L'Oréal's model between the global and the individual is driving balanced, multi-polar growth across all Zones and Divisions that is proving resilient on a global scale.

L'Oréal's dual goal

Because in the future there will be no economic growth without sustainability, L'Oréal has set itself a clear ambition to combine economic excellence with social and environmental performance. Convinced that economic excellence cannot be achieved without strong environmental and social responsibility, L'Oréal seeks to combine growth and sustainability.

Prioritising people

Driven by its humanist values, L'Oréal has always placed the individual at the heart of its strategy. The Group's human and social project is based on two key priorities: the development of each employee through ongoing training and career opportunities, and a unique social model, embodied by the Share & Care programme, launched in 2013 and based on competitive social performance and sharing the benefits of growth.

For more than 20 years, L'Oréal has been committed to building a sustainable, equitable, inclusive and diverse organisation. These initiatives showcase the Group's determination to create a working environment that is conducive to personal fulfilment. This ambition extends beyond L'Oréal, with the Group committed to respecting human rights along its entire value chain.

(1) *Employees as defined by the CSRD are people who are in an employment relationship with the Company.*

L'Oréal's strategy in a nutshell

STRATEGY[1]

FINANCIAL **PERFORMANCE** FOR THE BENEFIT OF ALL STAKEHOLDERS
SUSTAINABILITY PERFORMANCE; ECONOMIC AND **SOCIAL** EXCELLENCE.
A CLEAR VISION: BEAUTY FOR EACH **AND FOR ALL**.

Our fundamentals

- **Focusing** on a single business: beauty, nothing but beauty and all beauty.
- **Innovating** in response to the relentless quest for superior quality and safety for consumers.
- **Marketing brands,** products, services and customer experiences: in an increasingly fragmented and digitalised market.
- **Combining universalisation and singularisation** within a unique development strategy: going global while respecting local differences to secure the loyalty of some 1.3 billion consumers.
- **Using balanced, multi-polar growth** across all Zones and Divisions to seize opportunities and absorb economic shocks.
- **Pursuing the dual goal** of economic and corporate excellence to create value for all.
- **Aiming for** consistent, sustainable economic and financial performance.
- **Helping show the way** on environmental and social matters and making a positive contribution to society in the face of ever more pressing challenges.

Our transformation

- **Transformation towards a more sustainable operating model** that aims to stay broadly within the planetary boundaries defined by science.
- **Digital transformation** and Beauty Tech, to lead the way and become a data augmented company supported by secure state-of-the-art IT.
- **Transformation of work,** reinventing the future of work while strengthening the L'Oréal culture as it engages in the global battle for talent.
- **Transformation of Operations** towards greater agility and a more responsible model that serves the omnichannel strategy.

Our strengths

- **Solidly rooted**, with an ownership structure that provides stability, continuity and visibility over the long term.
- **A two-tier governance structure** to ensure the Group's success in the years ahead.
- **A clear vision:** creating the beauty that moves the world.
- **The power of L'Oréal's Research** and Operations in meeting demand for innovation, safety, transparency and responsibility.
- **A fleet of diverse global brands** that is continuously enhanced by strategic and complementary acquisitions.
- **An investment strategy** that is resolutely focused on innovation.
- **Comprehensive** and balanced market coverage.
- **Prioritising** people and social harmony.
- **An agile and responsive** multi-polar organisation.
- **Humanist, ethical and social principles** and values at the heart of the Group's governance and commitments.
- **A well-balanced, value-driven business model,** coupled with a solid and healthy financial position.

(1) *L'Oréal's strategy is based on its business model (see section 1.3.1) and is rolled out across the entire value chain (see section 1.3.2).*

L'Oréal's commitments are based on a long-term vision:

1968
- 1st employee profit-sharing scheme

1979
- 1st production of reconstructed skin

1988
- 1st incentive agreement

1989
- End of animal testing for finished products

1995
- 1st environmental research laboratory

1996
- Setting up of the European Works Council

1997
- 1st edition of the L'Oréal Professional Insertion Initiatives Trophy

1998
- 1st L'Oréal – UNESCO For Women in Science International Awards

2000
- 1st Ethics Charter

2001
- Creation of the Worldwide Profit-Sharing Programme (WPS)

2002
- 1st social audits of suppliers

2003
- ISO 14001 certification
- 1st participation in the CDP
- L'Oréal joins the United Nations Global Compact

2004
- 1st Diversity Charter
- 1st sustainability report

2005
- Commitment to use plant-based raw materials in accordance with the Convention on Biological Diversity

2007
- Creation of the L'Oréal Foundation
- 1st recognition by the Ethisphere Institute as one of the Most Ethical Companies in the World
- 1st participation in the CDP Supply Chain programme

2008
- 1st Ethics Day
- 1st edition of the L'Oréal Disability Initiatives Trophies

2009
- Commitment to halve carbon emissions, waste generation and water consumption at industrial sites by 2015
- Launch of the *Beauty for a Better Life* programme by the L'Oréal Foundation

2010
- Creation of the *Solidarity Sourcing* programme(1)
- *Gender Equality European International Standard (GEEIS)* label awarded to a number of L'Oréal Group entities

2013
- Launch of *Sharing Beauty With All:* 1st sustainable development programme for 2020
- Launch of L'Oréal *Share & Care*
- Publication of the The Way We Prevent Corruption guide

2014
- Signing of the *United Nations Women's Empowerment Principles*
- 1st L'Oréal entity to be EDGE *(equity, diversity, and gender equality)* certified

2015
- *Carbon Balanced* Programme

2017
- 2nd stage of the *Share & Care* programme
- *Science Based Targets on Climate*
- Publication of the Human Rights policy
- L'Oréal ranked as a global leader in the 1st edition of the *Equileap Gender Equality Report & Ranking*

2018
- Implementation of a whistleblowing system
- 1st employee shareholding plan

2019
- United Nations Global Compact: *Business Ambition for 1.5°C,* signature of the Net Zero Emissions 2050 pledge
- 1st United Nations GEEIS Trophy awarded for the *Solidarity Sourcing* programme(1)

2020
- Launch of the *L'Oréal for the Future:* 2nd sustainable development programme for 2030
- Signing of the TCFD
- Signing of the United Nations Business Leaders' Declaration for Renewed Global Cooperation
- Sense of Purpose (*raison d'être*): Create the beauty that moves the world
- Launch of the L'Oréal Fund for Women

2021
- Signing of the *Better Business Through Better Wages call-to-action launched by IDH – The Sustainable Trade Initiative* to promote the living wage
- Creation of the L'Oréal Foundation Women & Climate programme
- Launch of the diversity, equity & inclusion Advisory Council
- 3rd stage of the *L'Oréal Share & Care programme:* preventive healthcare, personal ecology, hybrid work and the workplace

2022
- 1st EcoVadis Platinum Medal: top 1% of companies assessed
- 1st in-house *Beauty of Inclusion Awards*
- Launch of *L'Oréal for all Generations* and country-by-country roll-out

2023
- Worldwide *Living Wage Employer* certification by international NGO Fair Wage Network
- 25 years of the L'Oréal-UNESCO International Awards *For Women in Science*
- Creation of the L'Oréal Climate Emergency Fund

2024
- Validation of the new decarbonisation pathway in accordance with the requirements of the *Science Based Targets initiative* (SBTi) *Net-Zero benchmark*
- L'Oréal, the only company in the world to be awarded "AAA" by the CDP for the 9th consecutive year
- Creation of the Solstice Fund with asset management company Chenavari *Investment Managers* to accelerate decarbonisation for industrial partners

(1) Inclusive Purchasing Programme, previously known as "Solidarity Sourcing".

4.1.1 Corporate governance: the cornerstone of the Group's transformation

The Group has developed a robust governance structure to support its sustainability approach.

Composition and diversity of the administrative, management and supervisory bodies (GOV-1 21)

	2024 outcomes
Number of non-executive members	15
Number of executive members	1
Number of employee representatives	2
% women*	43%
% men*	57%
% independent Board members*	50%

* *Calculated excluding Directors representing the employees, in accordance with article 20 of the AFEP-MEDEF Code and the French Commercial Code.*

Supervision by the Board of Directors

L'Oréal's Board of Directors has structured its organisation to deal with sustainability issues effectively, in particular through its specialised Board Committees. It has incorporated environmental, social and governance (ESG) skills into its diversity policy, and in 2024, has 13 members with experience in this area. The Board has identified three priority topics: the role of the ESG strategy within an international group, governance and business ethics, and the Group's role in society, including corporate philanthropy (see section 2.2.1.2).

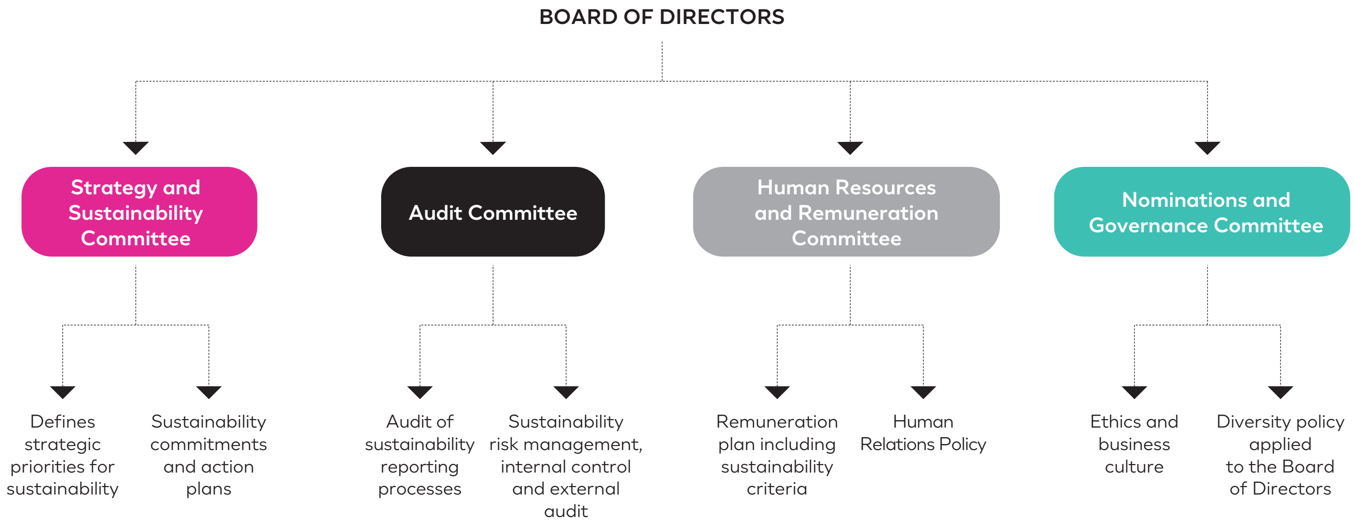
The Board is supported by directors with a strategic overview and whose specialist expertise is reinforced by targeted training in areas such as artificial intelligence ethics and responsible marketing. These skills are regularly enriched by in-depth presentations at meetings of the Board and its committees (see section 2.3.4). Each year, the Board reviews its members' skills matrix as part of its self-assessment procedure (see section 2.3.5), taking into account sustainability issues and the diversity policy.

The Board of Directors ensures that it listens carefully to L'Oréal's stakeholders, while maintaining the vision and objectivity necessary to act in the long-term interest. It is regularly informed of the expectations of investors as expressed in roadshows following Group results publications, of the main non-financial rating agencies, and of its employees, notably through the Human Resources and Remuneration Committee and presentations by the Chief Human Relations Officer. It also receives information on expectations in the sphere of diversity, equity and inclusion, notably through the report of the Advisory Board for these issues, and in terms of sustainability, in particular through the report on the activities of the Chief Corporate Responsibility Officer.

The Board is organised in such a way as to examine its areas of responsibility in depth, drawing on the recommendations of the following specialised Board Committees:

- The **Strategy and Sustainability Committee** reviews the Group's strategic orientations, particularly in light of sustainability. It monitors the strategy with the aim of strengthening the organisation's resilience and value chain, as well as progress made on commitments such as decarbonisation and the L'Oréal for the Future programme, through regular presentations by the Chief Corporate Responsibility Officer and the functions and business lines.
- The **Audit Committee** has overseen financial reporting as well as sustainability issues and sustainability risk management since 2018. Following the implementation of the Corporate Sustainability Reporting Directive (CSRD), the Committee's remit was strengthened (see section 3.2) to include reviewing the double materiality assessment and monitoring the progress of the Sustainability Report at each of its meetings in 2024.
- The **Human Resources and Remuneration Committee** submits proposals on remuneration, including the non-financial targets applicable to the Chief Executive Officer's variable remuneration and the long-term targets for the conditional share grant plan. It also examines the HR policy and the rules of ethical conduct.
- The **Nominations and Governance Committee** deals with governance issues, including the diversity policy and directors' ESG skills. It also monitors the outcomes of initiatives taken in line with L'Oréal's values, related to people and social progress, for example.

This integrated approach enables the Board to ensure that social and environmental issues are taken into account when defining the Group's strategic orientations. It reviews annually the results achieved and the relevance, if any, of adapting the action plan or modifying the objectives, particularly in light of changes in the Company's strategy, technologies and shareholder expectations and in its economic ability to implement them.



Details of the sustainability work carried out in 2024 are set out in section 4.1.3. The programme is designed to cover the most material impacts, risks and opportunities in accordance with the double materiality assessment.

Table of topics reviewed by the Board of Directors and its Commitees in 2024

The Board of Directors oversees the main impacts, risks and opportunities for L'Oréal and its value chain. The following table summarises the issues examined in detail by the Board and its Commitees in 2024.

ESRS	List of main material matters	Topics discussed at Board or Committee meetings in 2024 on one or more occasions*
E1	Climate change (mitigation and adaptation)	Review of the decarbonisation strategy – Update on the SBTi's approval of the decarbonisation targets Results of the study on climate-related risks (TCFD) Progress report on the Climate pillar of the L'Oréal for the Future programme
E2	Pollution (operations and value chain)	
E3	Water resources (consumption and withdrawals) for operations and value chain	Results of the study on nature-related risks and dependencies (TNFD) Progress report on the L'Oréal for the Future programme Vigilance Plan
E4	Biodiversity and ecosystems	
E5	Resource use and circular economy (formulas and packaging)	Responsible packaging strategy and policy Progress report on the Resources pillar of the L'Oréal for the Future programme
S1	Own workforce (work-related rights, well-being and retention, diversity, equity and inclusion)	Human Resources Policy and Share & Care Diversity, equity and inclusion policy Values Committee Report Vigilance Plan
S2/S3	Human rights in the value chain and affected communities	Human Rights Policy Vigilance Plan
S4	Product safety	Progress report on the L'Oréal for the Future programme Vigilance Plan
S4	Responsible marketing and advertising	Board of Directors training session Progress report on the L'Oréal for the Future programme
S4	Transparent labelling and shift towards responsible consumption	Progress report on the L'Oréal for the Future programme
S1/S4	Privacy and personal data protection	Personal Data Management Policy
G1	Responsible leadership and ethical practices	Board of Directors training session Presentation of the Ethics Policy Values Committee Report Vigilance Plan

* *By members of the Executive Committee and members of their management committees (direct or indirect).*

Mobilisation of Divisions, Zones and support functions

The comprehensive transformation plan affects all Divisions, Zones, functions and business lines. The Chief Executive Officer relies on the commitment of each Executive Committee member in their area of responsibility in ensuring that the Group's strategic sustainability orientations are implemented.

On the Executive Committee, the Chief Corporate Responsibility Officer oversees the development of the sustainability strategy, ensures due implementation of the L'Oréal for the Future programme, and monitors the consistency of the strategy as applied by the Group's activities. She guides various internal committees on sustainability issues in drawing up roadmaps for the different entities (Operations, Research & Innovation, divisions, zones, countries, etc.). The experts responsible for administering the programme participate actively in these committees, setting annual objectives, reviewing assumptions and trends, and overseeing how they are implemented across the value chain.

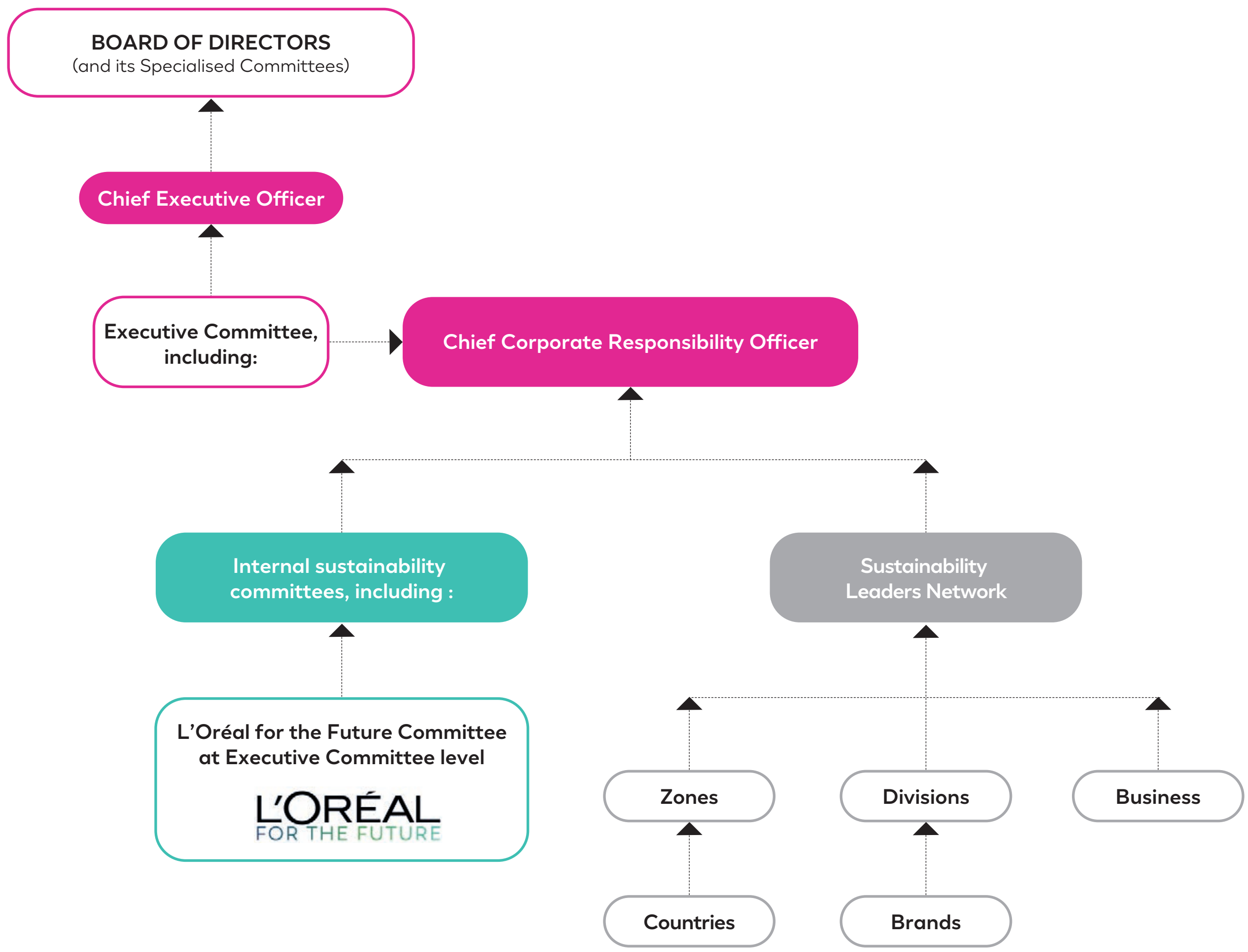
Action plans on sustainability matters are regularly fine-tuned. A network of dedicated leaders reporting to the Executive Committee oversees the implementation of the L'Oréal for the Future programme in each Division, Zone, function and business line.

Twice a year, the Chief Corporate Responsibility Officer meets with Executive Committee members as part of the L'Oréal for the Future Executive Committee in order to set the programme's strategic orientations.

A strategic transformation driven by all

In order for the transformation strategy to succeed, sustainability is being driven by all of L'Oréal's teams. To that end, all L'Oréal employees undertake dedicated learning programmes. They have access to a comprehensive range of online courses as part of the L'Oréal for the Future programme, made available in 15 languages.

Remuneration structures have been revised at the highest level. The variable portion of the Chief Executive Officer's annual remuneration incorporates quantitative and qualitative sustainability targets. Consistent with L'Oréal's strategy, which closely combines economic and social performance, the long-term remuneration of the Chief Executive Officer, as well as that of more than 2,000 other recipients of performance shares, incorporates sustainability performance criteria in addition to financial targets (see section 2.4). Since 2016, the determination of the variable remuneration of top management, including international brand managers and country managers, has also incorporated non-financial targets aligned with the Group's sustainability objectives.



4.1.2 The L'Oréal for the Future sustainability programme

First sustainability programme (launched in 2013): Sharing Beauty With All

Sharing Beauty With All, L'Oréal's first sustainability programme, was launched in 2013 and set targets through to 2020. The aim of this programme was to embed sustainability within all levels of the Company's value chain, from innovation to production and consumption. Notable achievements under the programme include an 81% reduction in CO_2 emissions from plants and distribution centres in absolute terms, and a 49% reduction in their water withdrawals[(1)] compared with 2005.

Second programme (launched in 2020): L'Oréal for the Future

Launched in 2020, the L'Oréal for the Future programme embodies the L'Oréal Groupe's deep commitment to sustainability by focusing on three key pillars: transforming L'Oréal's business to respect "planetary boundaries"[(2)], empowering its business ecosystem in its transition to a more sustainable world, and contributing to solving the world's urgent social and environmental challenges. With ambitions for 2025 and 2030 (see section 1.4.2), L'Oréal for the Future reflects the Group's conviction that there can be no economic success without environmental and social responsibility.

Since its launch, L'Oréal for the Future has driven significant progress. For example, in 2024, the Group's sites operated with 97% renewable energy[(3)], 92% of the ingredients in biobased formulas and packaging materials were traceable and originated from sustainable sources, and through its various Funds, L'Oréal invested in the rehabilitation of degraded natural ecosystems or in support for vulnerable populations. This concrete progress demonstrates L'Oréal's commitment to taking responsibility for achieving inclusive and sustainable growth.

Towards a third era (launch for 2025): mid-term review of L'Oréal for the Future

The constantly changing global environment means that companies are constantly having to adapt and to refine their assessments of sustainability risks and opportunities on a regular basis. Regulations, especially the new Corporate Sustainability Reporting Directive (CSRD), are also changing, along with the expectations of civil society. As the Group matures in these matters, new issues arise. Furthermore, environmental knowledge is also evolving. The climate projections of the Intergovernmental Panel on Climate Change (IPCC), for example, are regularly updated, which has an impact on companies' strategies for reducing greenhouse gas emissions, leading them to define mitigation action plans but also adaptation plans. Accordingly, at the beginning of 2024, the Group revised its decarbonisation targets to bring them into line with the new recommendations of the Science Based Target initiative (SBTi). This exemplary commitment testifies to L'Oréal's determination to consistently adopt a proactive approach. At the same time, the systemic shift towards a circular economy requires large-scale implementation of extended producer responsibility (EPR) schemes using large-scale collection and sorting systems. These systems are essential for optimising eco-design, enabling re-use and achieving high recycling rates, and promoting the availability of high-quality recycled products. These combined challenges underline the need to adapt and consolidate sustainability programmes to meet current and future challenges.

L'Oréal is working on the one hand to more deeply integrate double materiality into its strategy, and on the other hand to base itself on the most recent scientific data. To facilitate this process, L'Oréal is continually strengthening its performance tracking systems, its sustainability leadership organisation and its investment in innovation.

Focus on materiality

Recent materiality assessments carried out within the CSRD framework, in particular through TCFD and TNFD assessments, have highlighted the increased importance of certain L'Oréal for the Future objectives and the lesser importance of others. Whilst L'Oréal fully supports the CSRD's emphasis on standardised language for greater comparability, some of its commitments use their own specific terminology or methodology and therefore require adaptation. Some objectives currently represent ongoing ambitions and will be formalised as broader global policies to fully align with the CSRD reporting frameworks. In light of these factors, L'Oréal deemed it more appropriate not to present these objectives in the sustainability report.

Adapt and prioritise

To meet these constantly evolving requirements, L'Oréal launched a global reassessment of its commitments in 2025, the mid-point of its L'Oreal for the Future programme launched in 2020, seeking to confirm its priorities in light of the lessons learned, while putting these commitments into place and to ensure their relevance, thoroughness and genuine level of ambition.

This approach will enable L'Oréal to focus its efforts on the most important and strategic issues as identified by the double materiality assessment carried out in 2024, and to adjust its actions and/or targets according to the progress made and the continuing challenges to come.

To align with CSRD terminology, L'Oréal plans to engage in a specific dialogue with stakeholders in order to integrate certain ambitions more explicitly into formal policies as defined by the CSRD. This approach will highlight L'Oréal's advanced maturity in certain areas, demonstrating how deeply these ambitions are integrated into its decision-making processes. It will also enable L'Oréal to focus its resources and efforts on the issues that matter most.

Collaborative transformation

L'Oréal recognises that environmental and social challenges are inextricably linked and require a collaborative response involving its entire ecosystem. Reducing the carbon footprint throughout the product life cycle requires continuous innovation: sourcing sustainable ingredients, reducing packaging and promoting responsible consumption are all crucial to its aims. Achieving these objectives depends on many external factors. Collaboration with business, governments and consumers is essential to overcoming technological and financial obstacles.

The complexity of L'Oréal's value chain – from raw materials sourcing to distribution – is also a major social challenge for the Group, especially in terms of human rights. L'Oréal strives to support its suppliers in adopting responsible practices throughout the value chain. Collaboration with NGOs, experts and other industry players is key to overcoming these challenges.

(1) *Per finished product unit.*
(2) *In 2009, the Stockholm Resilience Center established nine distinct planetary boundaries, a concept since approved by the United Nations and the international scientific community.*
(3) *Excluding site security and safety equipment.*

4.1.3 Double materiality assessment: mapping impacts, risks and opportunities

4.1.3.1 Methodology

In preparation for the implementation of the CSRD, L'Oréal updated its double materiality assessment together with its stakeholders. This process, informed by regular dialogue over many years (see section 4.1.3.2) and based on in-depth interviews, enabled the Group to incorporate different points of view and better identify and prioritise material topics.

The scope of the analysis covers the entire L'Oréal Groupe, i.e., all its entities and activities with no exceptions. Following the acquisition of Aēsop in the third quarter of 2023, L'Oréal has integrated the new brand based on a comparison with the double materiality assessment performed prior to its acquisition.

The double materiality assessment is based on two dimensions:

- **Impact materiality**: analysis of the positive or negative gross impacts of the Group's operations and value chain on the environment and people, taking into account the severity, scope and likelihood of remediation. L'Oréal's dependency on natural, human and social resources is also assessed in this context to understand the potential origin of impacts;
- **Financial materiality**: reflects the sustainability-related gross risks and opportunities and their potential impact on financial performance in the short, medium and long term, taking into account the effects on costs, revenues and access to finance. An analysis of dependency on natural, human and social resources is included in this dimension. Each dependency is systematically analysed to determine whether it represents a risk (exposure to potential disruptions) or an opportunity (stimulating innovation and developing sustainable solutions to improve financial performance).

The double materiality assessment was conducted using the five-step methodology set out below. Note that this process of identifying and assessing sustainability risks in accordance with GOV-5 is integrated into the Group's overall risk management process (see section 3.4).

1. Documentary analysis: review of internal (previous single and double materiality assessments, sustainability strategy, risk map assessment) and external documents (the European Sustainability Reporting Standards [ESRS], industry analysis, non-financial ratings, consumer and employee surveys, etc.) in order to understand the risks and opportunities related to L'Oréal's activity and their impact.
2. Identification of impacts, risks and opportunities (IROs): working with a specialist consultancy, L'Oréal identified and defined the positive and negative impacts, dependencies, risks and opportunities related to its operations and value chain. It then categorised them based on the ESRS framework and fine-tuned them in consultation with internal and external experts.
3. Assessment and rating: a robust quantitative rating methodology was used to assess the materiality of each impact, risk and opportunity, considering various time horizons (short-term: 1 to 3 years; medium-term: 3 to 5 years; and long-term: beyond 5 years). A materiality threshold was used to identify the most important issues.
4. Stakeholder consultation: the preliminary findings of the double materiality assessment were dry run with more than 45 external stakeholders (investors, NGOs, distributors, industry associations, suppliers, etc.) and internal experts (e.g., top management, sustainability experts, etc.) in dedicated interviews. These discussions enabled the findings to be validated, gain an outside-in perspective on the issues and identify areas for improvement, as well as ensuring that different points of view were taken into account.
5. Validation and reporting: the final results, including the materiality threshold and the list of relevant topics, were validated by the project governance bodies, including:
   - the Steering Committee, made up of key executives that monitored and directed the materiality assessment,
   - the Management Committee, a multidisciplinary committee that facilitated the comprehensive and exhaustive approach to identifying material matters,
   - Executive Management, including representatives of the sustainability, finance, legal, innovation, operations and human relations functions, which validated the final assessment, including the materiality thresholds, and
   - the Board of Directors, through the Audit Committee, which reviewed the materiality assessment, ensured that it was consistent with L'Oréal's overall strategy and gave account to the Board.

The TCFD (Task Force on Climate-related Financial Disclosures) and TNFD (Taskforce on Nature-related Financial Disclosures) framework methodologies were used to carry out in-depth analyses on climate-related and nature-related issues, respectively, to perform a more detailed assessment of their materiality.

4.1.3.2 Importance of continuous stakeholder dialogue

As part of a continuous improvement approach, L'Oréal places great emphasis on dialogue with its stakeholders and, wherever possible, strives to incorporate their expectations, interests and points of view into its strategy.

To that end, the Group has developed specific methods of interaction, designed to be both efficient and adapted to each player. This dialogue has intensified over the years. Since 2013, with the Sharing Beauty With All sustainability programme, stakeholders have played a key role in helping to define and follow up on the Group's commitments. In 2019, seven groups of internal experts contributed to creating the L'Oréal for the Future programme for 2030. They carried out independent studies and worked with external partners and civil society to set goals aimed at reducing L'Oréal's impacts while amplifying the Group's positive contribution to its ecosystem as a whole.

In preparation for the implementation of the CSRD, L'Oréal updated its double materiality assessment, a strategic exercise conducted with its stakeholders. More than 45 external partners – investors, NGOs, distributor customers, industry bodies and suppliers – and numerous internal experts took part in targeted interviews. These discussions were an opportunity to confirm findings, provide new perspectives and identify areas for improvement, which were then incorporated into the final analysis.

For L'Oréal, maintaining regular, constructive relationships with its stakeholders is essential. It feeds into L'Oréal's strategy, keeps its efforts focused and contributes to creating shared value, which benefits both the company and its ecosystem.

Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
Consumers	• Staying attentive to current and future needs and concerns, expectations and changing consumption patterns; • Informing consumers of sustainable development improvements made in the Group's product and service portfolios; • Encouraging consumers to adopt more responsible consumption habits (e.g., waste sorting instructions, refills, no-rinse products).	• Participation in the EcoBeautyScore[(1)] Association to develop a shared scientific methodology to provide consumers with clear, transparent and comparable information on products' environmental impact; • Launch of communication and promotion campaigns for refillable products across the Group's brands in a host of countries, particularly in the Perfume, Skincare, Body Care and Make-up categories; • Quantitative studies, particularly in the United States, Brazil and China, to assess consumer reactions to transparent labelling of the environmental performance of their products.
Customers (distributors)	• Ensuring that products and services are properly marketed by participating in initiatives for more sustainable products and services; • Maintaining sincere trust-based relationships; • Sharing industry best practices in sustainable development; • Launching business transformation projects to help consumers make responsible consumption choices.	• Continued collaboration and development of sustainable development partnerships with its distributor customers (Europe, North and South America, North Asia and SAPMENA) as part of green joint business plans based on the following priorities: engaging consumers in more sustainable modes of consumption (e.g., joint actions on refills and refillable products), reducing waste and unsold products, eco-design of point-of-sale advertising and decarbonising our joint activities in product transportation and logistics.
Employees	• Ensuring that employees work in a safe and caring environment; • Being attentive to each individual's needs to develop personalised career paths; • Strengthening the sense of belonging by building on the employer brand and empowering employees to play a key role in the Group's transformation.	• More than 35,000 people logged on to Ethics Day sessions and more than 5,000 questions were submitted worldwide; • 90% of the employees invited took part in the annual "Pulse" engagement survey; • L'Oréal was recognised for the 15th time as one of the world's most ethical companies by the Ethisphere Institute.

(1) *Previously known as the EcoBeautyScore Consortium.*

Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
International organisations, coalitions, NGOs and non-profits	• Remaining attentive to needs and expectations in order to better understand environmental and social issues and respond to them in a collaborative way; • Strengthening the link between the business world and non-profits, for example by exploring new partnerships linked to sustainable development issues, notably human rights.	• Participation in the creation of The Value of Beauty Alliance with six other players in the cosmetics industry; • Membership of the Fair Labor Association (FLA), a multi-stakeholder initiative bringing together universities, companies and civil society organisations to promote compliance with international labour standards in globalised value chains, especially in matters of human rights; • Commitment to adequate wages through the UN Global Compact's Forward Faster initiative, which aims to accelerate the achievement of sustainability goals; • Consultation with external stakeholders to draft L'Oréal's first Human Rights Report.
Local communities	• Strengthening the link between the business world and non-profits representing local communities; • Staying attentive to current and future expectations, needs and concerns, as well as confirmed and potential impacts; • Identifying levers for action to be put in place with non-profits representing local communities.	• Participation by 27,000 employees across 72 countries in Citizen Day, a day dedicated to volunteering during paid working time, benefitting 730 non-profits for 1,350 outreach initiatives; • Commitment by the Group to combatting food waste, in line with the French national objective of reducing food waste in the catering sector by 50% by 2025; 4,420 meals were donated in 2024 by the Group's company restaurants to non-profits such as *Restos du Cœur* or Le Chaînon Manquant, and 1,109 meals were sold to employees via "too good to go" type platforms.
Non-financial rating agencies	• Facilitating a comprehensive rating of the Group's ESG action plans and policies; • Identifying levers for progress on ESG issues, in particular through comparisons with companies of equivalent size or business.	• ESG awards received can be found in section 1.1.6 (Key figures for 2024); • Dialogue with ESG rating agencies S&P, MSCI and EcoVadis to ensure full understanding of data assessments.
Public authorities, in particular via industry bodies	• Strengthening the link between the business world and public authorities, in particular via industry bodies; • Ensuring compliance with the regulations in force and contributing an industry perspective to serve as a basis for the development of future regulations; • Sharing industry best practices in sustainable development.	• Membership of many industry bodies worldwide, including the French federation for beauty companies *(Fédération des Entreprises de la Beauté)*, Cosmetics Europe, the European Brands Association, the World Federation of Advertisers, the United States Personal Care Products Council, China Association of Fragrance Flavour and Cosmetic Industries and the Cosmetic, Toiletry & Perfumery Association; • Participation in major international institutional events, such as Climate Week NYC and the World Economic Forum's Davos summit; • Membership of the UN Global Compact.

Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
Scientific community, including researchers and academics	• Incorporating scientific and academic insight into the Group's strategy and decision-making processes; • Implementing new technology and innovation to accelerate the transformation of the Group and its value chain.	• Collaboration with numerous public and private research centres worldwide[(1)] in diverse areas such as green chemistry, life cycle analysis, synthetic biology, genomics, skin stem cells, microfluidics, bioprinting and microbiomes; • Participation by Group researchers in the implementation of sustainable agricultural practices. Researchers optimize tools and measurement methods with agronomic research institutes such as GENESIS to monitor the environmental benefits of more resilient practices on site. They also deepen their knowledge of minerals (accessibility, extraction processes, availability, etc.) with BRGM[(2)]; • Collaboration with Polytechnique Montréal and the International Reference Center for Life Cycle Assessment and Sustainable Transition (CIRAIG), along with the Université du Québec à Montréal and other industry partners, through the International Research Consortium on Life Cycle Assessment and Sustainable Transition, which aims to implement strategies to accelerate the decarbonisation process; • Collaboration with Le Mans University to develop innovative methods for easily assessing the biodegradability of polymers; • Collaboration with the Fraunhofer Institute to develop a method for assessing the bioaccumulation of substances in aquatic environments and used as the basis for new guidelines validated in June 2024 (OECD 321); • Within the International Collaboration on Cosmetics Safety, contribution to the development of innovative non animal-based methods for assessing the human and environmental safety of ingredients and products: particularly in 2024, development of methods for assessing the persistence and bio-accumulation of cosmetic ingredients, potential endocrine-disrupting effects and consumer and environmental exposure.
Shareholders, investors and financial institutions	• Maintaining sincere trust-based relationships; • Communicating on sustainable development policies and practices to underpin the Group's long-term growth; • Ensuring that the business model and sustainable development efforts are clear and easy to understand.	• Annual General Meeting: presentation of the Group's climate strategy by the Chief Executive Officer, and live webcast with the opportunity to ask questions; • Events specifically for individual shareholders with a focus on the Group's sustainability commitments: regional roadshows (Reims and Aix-en-Provence), BoursoLive e-show, site visits (Domaine de la Rose Lancôme, Biotherm Vendée Globe boat in partnership with the Tara Ocean Foundation); • Roadshows with institutional investors in France and abroad on ESG issues; • Dedicated communication tools to increase awareness of the Group and illustrate its financial and non-financial performance: Universal Registration Document published in a digital format for better accessibility and readability, interactive digital Annual Report, letters to shareholders and loreal-finance.com newsletters.

(1) *Including, for example, the National Institute for Materials Science (NIMS) in Japan and the Singapore Centre for Environmental Life Sciences Engineering (SCELSE).*
(2) Bureau de recherches géologiques et minières *(French geological and mining research bureau).*

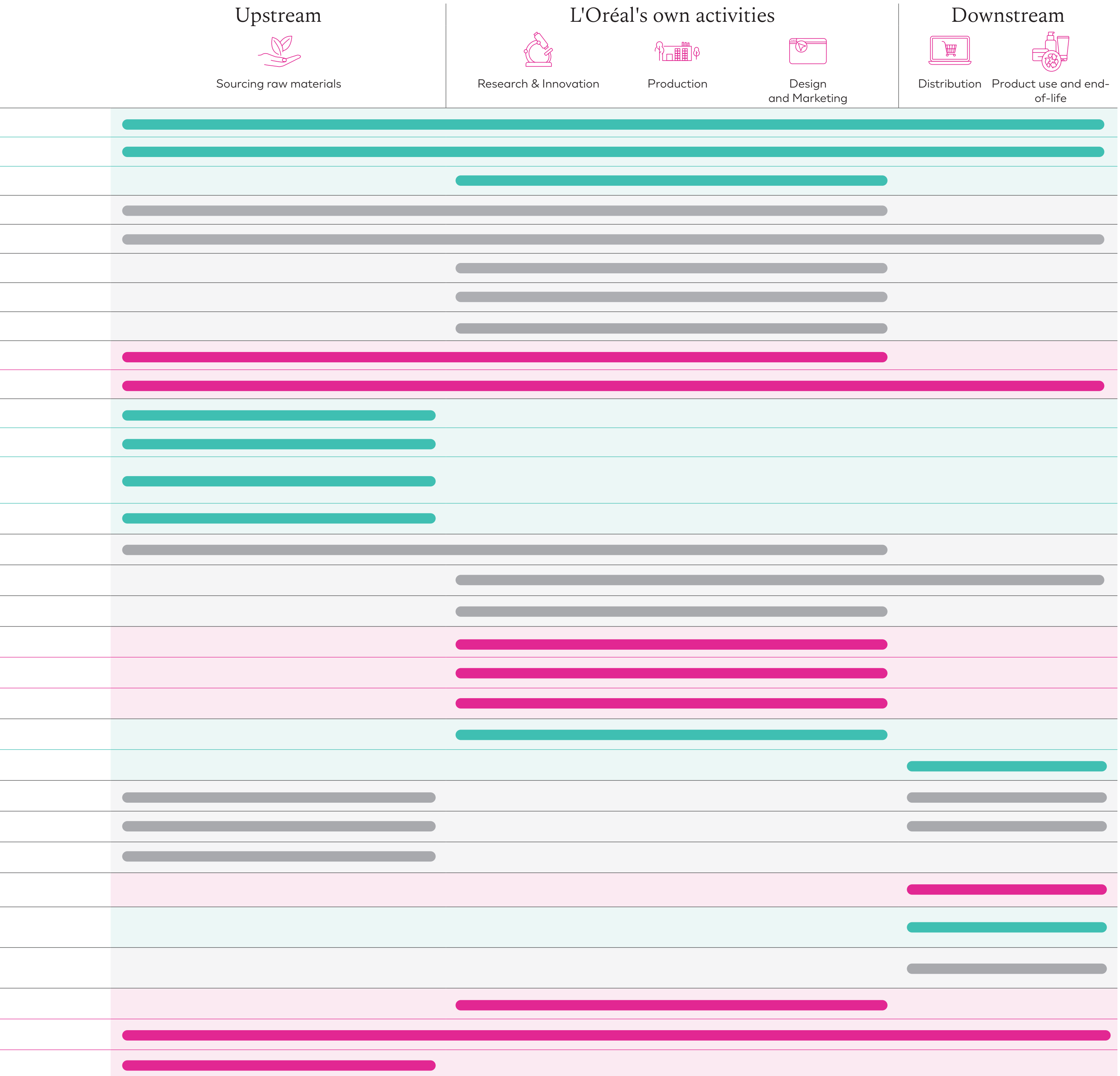
Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
Students and graduates	• Attracting the best and most diverse talent to support the Group's current and future transformations; • Strengthening the Group's employer brand by communicating on all the initiatives available to future employees; • Staying attentive to the expectations and needs of future generations in order to remain an attractive employer, for example by participating in university job fairs; • Developing the employability of young people under 30 by offering them professional opportunities and giving them access to other development resources (mentoring, masterclasses, etc.).	• Organisation of L'Oréal Brandstorm, an international competition for under-30s, which in 2024 brought together more than 135,000 participants from 64 countries; • Acceleration of the L'Oréal Seedz management trainee programme and France's international mobility VIE programme (more than 200 placements in 2024); • Long-standing partnership with CEMS, a global alliance of 33 business schools worldwide; • Support by the Group of several academic chairs, including: the Multi-Capital Global Performance chair and the "Chief Value Officer" Executive MBA with Audencia, the Consumer-driven Innovation and Entrepreneurship chair with HEC, the Leadership and Diversity and the Circular Economy chairs with ESSEC, the Marketing, Innovation & Creativity chair with INSEAD and the Marketing chair with the University of Oxford's Saïd Business School; • Strengthening and structuring of the L'Oréal for Youth programme, with more than 25,000 job opportunities on offer.
Suppliers	• Strengthening cooperation with suppliers, identifying their expectations and being attentive to their needs; • Involving suppliers in the Group's transformation, such as through the L'Oréal for the Future programme; • Supporting suppliers in their transformation, including decarbonisation; • Sharing best practices in sustainable development.	• Launch of the Solstice fund (€50 million) with asset management company Chenavari Investment Managers to accelerate the decarbonisation of L'Oréal's value chain by helping finance its suppliers' energy transition; • Deployment of a measurement tool focused on digital advertising campaigns for the Group's brands in order to determine and reduce the greenhouse gas emissions generated, in partnership with ImpactPlus and its Environmental Sustainability Platform (ESP); • Organising Supplier Days focusing on the various purchasing types; • Spread the Green Vibes events in various geographical regions; • Webinars and learning expeditions on specific issues, such as decarbonisation; • Discussions with suppliers at strategic meetings on five key topics: quality, corporate social responsibility, innovation, service and competitiveness.

4.1.3.3 Findings of the material topics

The results of the double materiality assessment are presented in this section by topic and sub-topic in accordance with the CSRD's European Sustainability Reporting Standards (ESRS). The identification of material impacts, risks and opportunities (IROs), presented in this assessment, provides key information about L'Oréal's resilience in the face of sustainable development challenges. Their presentation is organised according to their materiality along L'Oréal's value chain. Each dedicated section begins with a detailed presentation of material IROs.

Topics	Material subtopics	Relevant chapter	ESRS	IRO
CLIMATE CHANGE	Climate change adaptation Climate change mitigation Energy	4.2	E1	I+ I- R O
POLLUTION	Pollution of air Pollution of water	4.3	E2	I-
	Substances of concern Substances of very high concern Microplastics			I+ R
WATER RESOURCES	Water consumption Water withdrawal	4.4	E3	I+ I- R
BIODIVERSITY AND ECOSYSTEMS	Impacts on the extent and condition of ecosystems Impacts and dependencies on ecosystem services Biodiversity loss due to land-use change, freshwater-use change or sea-use change Biodiversity loss due to direct exploitation	4.5	E4	I- R O
RESOURCE USE AND CIRCULAR ECONOMY	Resource inflows: formulas and packaging Resource outflows: formulas and packaging Waste from operations	4.6	E5	I+ I- R O
WORKFORCE	Working conditions	4.7	S1	I+ I-
	Employee well-being and retention			I+
	Diversity, equity and inclusion			I- I+
PRIVACY AND PERSONAL DATA PROTECTION	Protection of employee privacy Protection of consumer privacy	4.8	S1/S4	R
HUMAN RIGHTS IN THE VALUE CHAIN AND COMMUNITIES	Labour rights Working conditions Rights of indigenous peoples	4.9	S2/S3	I+ I- R
PRODUCT SAFETY	Personal safety of consumers	4.10	S4	I-
RESPONSIBLE LABELLING AND CONSUMPTION	Access to quality information	4.11	S4	I+ I- R O
RESPONSIBLE MARKETING AND ADVERTISING	Responsible marketing practices	4.12	S4	I+ I-
BUSINESS CONDUCT	Corporate culture Protection of whistleblowers Management of relationships with suppliers	4.13	G1	R

I+ Positive impact   I- Negative impact   R Risk   O Opportunity


Upstream
Sourcing raw materials
L'Oréal's own activities
Research & Innovation
Production
Design and Marketing
Downstream
Distribution
Product use and end-of-life

4.2 Climate: Mitigation and Adaptation (E1)

4.2.1 Background

In view of the climate emergency, L'Oréal has strengthened its strategy so as to actively contribute to a sustainable future. Using an evidence-based approach and by mobilising its entire organisation, the Group is aiming to play a decisive role in combatting climate change and in the transformation to a low-carbon economy.

In 2023, L'Oréal revised its climate transition plan, setting new net zero targets that were validated by the SBTi and which are in line with the recommendations of the Intergovernmental Panel on Climate Change (IPCC[1]) to limit global warming to 1.5°C. The plan is also aligned with L'Oréal's sustainability programme, L'Oréal for the Future.

Building on the double materiality assessment carried out for the Sustainability Report, L'Oréal has used the Task Force on Climate-Related Financial Disclosures (TCFD) methodology as a basis for identifying the major climate issues. The Group is committed to providing consistent and reliable information, allowing investors to take account of climate change-related financial risks while anticipating their potential impacts so as to ensure its long-term resilience.

In-depth analysis of the financial impacts of climate change, together with the environmental challenges, has enabled the Group to identify the key risks and opportunities for 2030 and 2050, based on:

- A proactive approach to risk identification;
- An assessment of the impacts based on the 1.5°C and 3-4°C temperature rise scenarios (IPCC scenarios RCP 1.9 and RCP 8.5).
- Incorporation of political, economic, social, technological, environmental and legal factors (PESTEL analysis[2]).

This forward-looking approach used by the Group's internal experts is based in particular on specific studies into the supply of plant-based raw materials. The results are presented in the table below.

(1) *The IPCC is responsible for providing a comprehensive summary of scientific knowledge regarding climate change. It analyses various scenarios in terms of changes in greenhouse gas concentrations and uses them to define representative concentration pathway (RCP) profiles.*

(2) *PESTEL is a strategic framework for identifying and analysing the Political, Economic, Socio-cultural, Technological, Environmental and Legal factors likely to influence a company.*

4.2.1.1 Material climate-related impacts, risks and opportunities

	Description	Subtopics	Policy	Action plans[1]
I- ST/LT	L'Oréal's activities may contribute to climate change throughout its value chain, including greenhouse gas emissions from the supply of raw materials, the transportation of goods and manufacturing processes. These emissions contribute to climate change and can indirectly affect populations through phenomena such as extreme weather events, water shortages, food insecurity, greater prevalence of health problems and climate-induced migration.	**Climate change adaptation** **Climate change mitigation** **Energy**	Climate transition plan	Pulling the decarbonisation levers on Scopes 1, 2 & 3
I+ MT/LT	L'Oréal's leadership in the field of sustainable development can be the catalyst for wider change in the industry. By developing and adopting more sustainable products, L'Oréal can encourage more environmentally friendly production practices industry wide, including among suppliers. In the face of climate change, this approach can be used to empower consumers to make more informed, sustainable choices.			
R ST/MT	In terms of transition risks, a sudden increase in the price of carbon imposed by suppliers represents a financial risk as it would mechanically lead to an increase in operating costs. The transition towards sustainable packaging is intensifying competition for innovative materials. The cost and availability of such materials are becoming more uncertain, and this could impact L'Oréal by increasing its production costs. At the same time, growing demand for sustainable products poses a market risk, as failing to act swiftly could give rise to the loss of market share to more environmentally advanced competitors. Climate change also exposes L'Oréal to direct physical risks. The increasing scarcity of water and rising temperatures could impact demand for certain products, forcing the Group to adapt in order to remain competitive. At the same time, the growing frequency of extreme weather events is threatening the supply of agricultural raw materials, with the attendant risk of price volatility and supply chain bottlenecks. These events could also disrupt external energy supplies, underlining the importance of energy efficiency for L'Oréal.	**Climate change adaptation** **Climate change mitigation** **Energy**	Climate transition plan Climate adaptation plan	Reach 100% renewable energy at operated sites*.
O ST/MT	The main environmental impacts of the cosmetics sector are connected to the use of products that require rinsing water, mainly affecting the carbon footprint and the water footprint. In the context of increasing water stress, changes in consumer behaviour represent an opportunity to develop innovative, water-saving products that meet new consumer expectations. The transition towards renewable energy also represents an economic opportunity for L'Oréal. The expected rise in the price of fossil fuels is accelerating the switch to renewable energy. This could allow L'Oréal, which is already at an advanced stage in this process, to reduce its operating costs relative to competitors who have made less progress. Growing consumer awareness of the environmental impact of products, reinforced by regulatory change and environmental labelling, may provide L'Oréal, as a pioneer in these matters, with the opportunity to promote its commitment and innovation in the field of sustainable development.			

○ *IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.*
□ *Time horizon: ST = short term; MT = medium term; LT = long term.*
(1) *The sustainable development objectives presented by L'Oréal are voluntary and do not result from a legal obligation.*
* *Excluding site safety and security equipment.*

4.2.2 Governance engaged at every level of the organisation

L'Oréal has set up a robust governance structure involving the Group's most senior management levels in overseeing material climate-related matters. In particular, the climate transition plan is prepared according to several key stages:

1. collaborative drafting and validation: the plan is drawn up together with the functions and business lines to ensure feasibility and alignment with operational reality;
2. validation by the Executive Committee, which reviews the plan to ensure that it is consistent with the Group's overall strategy;
3. presentation to the Board of Directors: the Board of Directors monitors the risks and opportunities, as well as the impact on society and the environment, notably through the Audit Committee and the Strategy and Sustainability Committee; and
4. implementation: the functions and business lines apply the plan with the support of the Sustainability Leaders Network, which ensures that sustainability is integrated into all Group functions.

Climate transition plan implementation process

Once the climate transition plan has been validated by L'Oréal's top management bodies, it is implemented at all levels of the organisation:

Operational deployment: each business line, Division and Zone receives a tailored roadmap, transposing the global net zero strategy to local scale:

- The Divisions, which are more involved in the upstream value chain and product design, focus on emissions reduction targets linked to eco-design, the choice of ingredients and packaging.
- The Zones and Countries, which are more involved downstream, focus on reducing emissions linked to marketing and distribution, such as transportation and marketing products (e.g., refills).
- The various functions and business lines, including Research & Innovation, Operations and digital and physical promotion, actively contribute to decarbonisation by identifying and reviewing innovation opportunities and defining a specific transition plan for each Division and Zone. For example, Purchasing is incorporating responsible supply into its processes, and Operations is optimising energy performance at production sites.

Prioritisation: the roadmaps set out the priority actions, with quantitative targets and deadlines, so as to ensure that the plan is implemented in a concrete and measurable way.

Mobilising the Sustainability Leaders Network: this internal network made up of employees trained in sustainability provides the operational teams with expertise and support, and acts as a point of reference as they implement the plan.

Outcome monitoring process

The Board of Directors annually reviews the outcomes of the climate strategy against the initial objectives. The outcomes are also reviewed by the Strategy and Sustainability Committee. The Chief Executive Officer also presented the Group's climate change strategy to the 2024 Annual General Meeting. Shareholders can engage in discussion with L'Oréal on a regular basis as part of the Group's shareholder consultation process. The Board of Directors receives an account of these discussions.

The level of remuneration of the Chief Executive Officer and the Group's top management is subject to the achievement of climate objectives (see sections 2.4.1.2.1. and 7.4.3.6). Each year, the Human Resources and Remuneration Committee reviews both the upcoming remuneration policy objectives and the performance achieved during the year in question. The Committee makes recommendations in this regard to the Board of Directors.

4.2.3 Climate transition plan

4.2.3.1 Decarbonisation targets and the Net Zero strategy

Fully engaged in the fight against climate change and following scientific recommendations, L'Oréal has developed a climate transition plan whose pathway has been validated by the SBTi. This plan pursues two ambitions:

- by 2030, to 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, to reduce global emissions by 90%, with any residual emissions offset to achieve net zero.

In absolute terms, these reductions refer to a 2019 baseline year.

To meet its target for reducing Scopes 1 & 2 emissions by 2030, L'Oréal has made commitments regarding the transition to renewable energies. Under the L'Oréal for the Future programme, the Group intends to reach 100% renewable energy for all its operated sites[1]. This commitment is important because Scopes 1 & 2 concern, respectively, direct emissions linked to the Group's activities, such as on-site combustion, and indirect emissions linked to the consumption of purchased energy, such as electricity. By using renewable energy sources such as wind power and solar energy to power its facilities, L'Oréal is reducing its dependence on fossil fuels, thereby limiting its carbon footprint.

To meet its target for reducing Scope 3 emissions, which account for the majority of its carbon footprint, L'Oréal has set out trajectories adapted to the transformation of each of its functions and business lines, and planned how to roll them out in collaboration with all the Divisions and Zones. Reducing Scope 3 emissions is essential because they include indirect emissions linked to the company's entire value chain, upstream and downstream of its direct operations. This includes emissions linked to the purchase of raw materials, the transportation of goods, the use of products sold, the end-of-life of these products, and business travel.

L'Oréal has consolidated these ambitions in its transition plan, which includes the levers under its direct responsibility as well as the contribution expected from suppliers reducing emissions from their activities. The main levers identified to achieve these objectives by 2030 are described in detail in section 4.2.3.2.

Beyond 2030, to prepare for the future and meet its 2050 decarbonisation ambition, L'Oréal is exploring various solutions, supported by technological developments and a favourable political context. These include:

- improving the energy mix in all countries in the value chain;
- carbon-free logistics;
- developing carbon capture technologies for raw materials; and
- new product and packaging formats.

L'Oréal also strives to minimise "locked-in" emissions, linked to the depreciation of assets designed to emit carbon irreversibly, such as certain emergency power generators or cooling systems containing refrigerants. In Scopes 1 & 2, the transition to renewable energies reduces current emissions and avoids new locked-in emissions. With regard to Scope 3, even though the use of L'Oréal products does not involve direct consumption of fossil fuels, their entire life cycle generates emissions depending on the local energy mix, which are recorded within GHG emissions reporting and in the transition plan.

Focusing on deep decarbonisation

As part of its drive towards Net Zero, the Group's strategy is focusing on reducing emissions across its value chain. Offsetting through carbon capture will be rolled out to deal with any residual emissions (up to a maximum of 10%), gradually ramping up through to 2050.

(1) *Excluding safety and security equipment.*

4.2.3.2 Pulling multiple decarbonisation levers

L'Oréal's drive to achieve net zero by 2030 is based on the main levers illustrated below:

For sites, stores and vehicle fleets

- **Improve the energy efficiency of operated sites**
- **Reach 100% renewable energy at all operated sites[1] and stores**
- **Continue to transition the vehicle fleet to electric vehicles**

50%

IN PACKAGING

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

IN PRODUCT FORMULAS

- Promote the use of biobased ingredients as an alternative to petrochemicals
- Replace carbon-intensive ingredients
- Reduce the impact of aerosol propellants
- Continue to combat 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*

30%

IN DIGITAL MARKETING

- Reduce the impact of digital advertising content production
- Increase the digital advertising content usage rate
- Optimise digital advertising content formats to reduce the impact of their diffusion
- *Encourage and help agencies and media service providers to reduce the emissions related to their activities and increase the transparency and monitoring of their emissions*

Scopes 1 & 2

%: Contribution to decarbonisation by 2030 compared with 2019

Actions taken with suppliers

(1) *At operated sites, with the exception of safety and security equipment.*
(2) *Point-of-sale (PoS) advertising.*

	10%	5%	5%
IN DISPLAY & PROMOTIONAL MATERIALS	IN LOGISTICS	BUSINESS TRAVEL	OTHER
Promote the adoption of ecodesign practices and tools for developping advertising display at point of sale[2] — Promote lighter advertising display at point of sale[2], the use of monomaterials and the proportion of recycled materials, and limit the amount of waste generated — Continue to reduce the amount of electricity used for PoS displays — *Encouraging and supporting PoS suppliers[2] in reducing emissions linked to their activities*	Reduce the proportion of air freight used in favour of sea and rail freight — Use multimodal transport — Optimise fill rates — Use lower-emitting engines and fuels — *Encourage and help logistics suppliers to reduce the emissions related to their activities and increase the transparency and monitoring of their emissions*	Reduce the impact of employee business travel through a dedicated travel policy	*Encourage and help service providers to reduce the emissions related to their activities*

Scope 3

4.2.3.3 Financing the transition plan

A management standard, which is deeply integrated into budget processes, ensures that each entity takes sustainability factors (including decarbonisation efforts) into account in its financial planning. However, while this holistic approach is effective for understanding the impacts at company level, it does not separate out investments undertaken in respect of the climate transition, particularly those concerning Scope 3 emissions, which are often integrated into the operating budgets drawn up by the various entities.

L'Oréal is actively working to refine its methodologies for monitoring and reporting these investments more precisely, but is not currently in a position to publish specific amounts for future investments related to decarbonisation.

It should be noted that the Group's Scopes 1 & 2 emissions, which now account for less than 1% of total emissions, have already been reduced by 51% compared to 2019 thanks to substantial investments in previous years, and therefore currently represent only a small part of the Company's overall commitment to sustainability. As a result, the overall investment – €78 million of eligible CapEx (excluding leases) currently recognised under the European Taxonomy's climate change mitigation objective – does not fully reflect the scale and depth of the transformation of L'Oréal's business.

4.2.4 Climate adaptation plan

4.2.4.1 Raw materials continuity plan

L'Oréal is anticipating the risks posed by climate change to its supply of plant-based raw materials. To ensure the long-term future of its business activities, the Group has put in place an adaptation strategy based on scientific knowledge and risk analysis. Working collaboratively, the Research & Innovation teams focus on assessing the climate impact of the main raw materials, while the Purchasing teams work in parallel to identify specific climate risks in the supply chain. L'Oréal is seeking to diversify its sources as swiftly as possible, not just when there are material threats, and to adapt production areas, seek alternatives and work with partners to develop more sustainable farming practice within the overall goal of building a resilient supply chain while guaranteeing product quality.

4.2.4.2 Business continuity plan

L'Oréal works proactively to protect its sites against extreme weather events. Its approach comprises four key stages: (i) an external risk audit is carried out, followed by (ii) an analysis of climate scenarios, the results of which are incorporated into (iii) site risk reviews before (iv) tailored adaptation plans are put in place. Using this approach, the Group is able to anticipate climate challenges while ensuring business continuity.

4.2.4.3 Product consumption continuity plan

With the increasing scarcity of natural resources such as water, L'Oréal is striving to reduce the quantity of water needed to rinse off its products. In order to achieve this goal, the Group is innovating with formulas that use less water or that do not require rinsing. L'Oréal is also investing in innovations such as the L'Oréal Water Saver showerhead, which reduces water consumption in hairdressing salons. L'Oréal's commitment covering its downstream value chain aims to offer products that meet environmental challenges and heightened consumer expectations in terms of sustainability.

4.2.5 Climate outcomes

4.2.5.1 L'Oréal's objectives in relation to climate change

Targets	2024 outcomes
By 2030, L'Oréal is aiming to reduce its Scopes 1 & 2 carbon emissions by 57%, compared with 2019.	-51%
By 2030, L'Oréal is aiming to reduce its Scope 3 carbon emissions (from purchased goods and services, business travel, and upstream transportation and distribution) by 28%, compared with 2019.	+9%
By 2025, L'Oréal is aiming to reach 100% renewable energy * at operated sites.	97%
By 2050, L'Oréal is aiming to reduce its Scopes 1, 2 & 3 carbon emissions by 90%, compared with 2019	+6%

4.2.5.2 Outcomes for energy consumption and energy mix (E1-5)

Energy consumption and energy mix

Key performance indicator	2024 outcomes
1. Fuel consumption from coal and coal products	-
2. Fuel consumption from crude oil and petroleum products	4,171 MWh
3. Fuel consumption from natural gas	32,419 MWh
4. Fuel consumption from other fossil sources	-
5. Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	65,336 MWh
6. Total energy consumption from fossil sources (calculated as the sum of lines 1 to 5)	101,926 MWh
Share of fossil fuel energy sources in total energy consumption (%)	**10%**
7. Consumption from nuclear sources	96 MWh
Share of consumption from nuclear energy sources in total energy consumption (%)	**0%**
8. Fuel consumption for renewable energy sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	251,927 MWh
9. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	572,894 MWh
10. Consumption of self-generated non-fuel renewable energy	74,788 MWh
11. Total renewable energy consumption (calculated as the sum of lines 8 to 10)	899,609 MWh
Share of renewable energy sources in total energy consumption (%)	**90%**
Total energy consumption (calculated as the sum of lines 6, and 11)	1,001,631 MWh

Other CSRD disclosure requirements linked to energy consumption and the energy mix

Energy intensity based on net revenue	2024 outcomes
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors(1)(2)	23 MWh/€m

(1) The Group's activities are classified under NACE code C20.4 (Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations). According to the CSRD, NACE codes A to H are defined as "high climate impact sector".
(2) Financial results, including the turnover (net sales) figures used to calculate this ratio, are set out in detail in section 6.1.

* *Excluding safety and security equipment.*

4.2.5.3 Outcome of the greenhouse gas emissions assessment (E1-6)

The Group calculates and monitors the greenhouse gas (GHG) emissions originating from all its activities according to the GHG Protocol.

	Retrospective data					Milestones and years concerned	
in tonnes of CO_2 equivalent (tCO_2eq)	2019	2023	2024	2024 vs. 2023	2024 vs. 2019	2030	2050
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions	88,108	57,435	49,691	-13%	-44%		
Scope 2 GHG emissions							
Gross Scope 2 GHG emissions (location-based)	194,456	172,614	177,359	3%	-9%		
Gross Scope 2 GHG emissions (market-based)	60,178	28,347	23,325	-18%	-61%		
Scopes 1 & 2 GHG emissions (location-based)	**282,564**	**230,050**	**227,051**	**-1%**	**-20%**		
Scopes 1 & 2 GHG emissions (market-based)	**148,285**	**85,782**	**73,017**	**-15%**	**-51%**	**63,763**	
Material Scope 3 GHG emissions	**5,414,142**	**5,852,376**	**5,900,802**	**1%**	**9%**	**3,898,182**	
1. Purchased goods and services	4,678,164	5,287,135	5,361,644	1%	15%		
4. Upstream transport and distribution	566,388	459,673	442,436	-4%	-22%		
6. Business travel	169,591	105,568	96,722	-8%	-43%		
Other Scope 3 GHG emissions	**1,273,966**	**1,325,066**	**1,286,660**	**-3%**	**1%**		
2. Capital goods	331,854	381,956	329,797	-14%	-1%		
3. Fuel- and energy-related activities	134,471	179,552	180,988	1%	35%		
5. Waste generated in operations	12,400	10,044	10,832	8%	-13%		
7. Employee commuting	107,956	94,494	92,663	-2%	-14%		
8. Upstream leased assets	-	-	-	-	-		
9. Downstream transportation and distribution	75,690	80,464	73,816	-8%	-2%		
10. Processing of sold products	-	-	-	-	-		
11. Use of sold products[1]	135,324	96,227	113,608	18%	-16%		
12. End-of-life treatment of sold products	369,237	412,007	422,742	3%	14%		
13. Downstream leased assets	-	-	-	-	-		
14. Franchises	-	-	-	-	-		
15. Investing activities	107,034	70,322	62,214	-12%	-42%		
Total Scope 3 GHG emissions	**6,688,108**	**7,177,442**	**7,187,462**	**0%**	**7%**		
TOTAL GHG EMISSIONS							
Total GHG emissions (location-based)	6,970,673	7,407,491	7,414,513	0%	6%		
Total GHG emissions (market-based)	6,836,394	7,263,224	7,260,479	**0%**	6%		683,639

(1) *For the sake of transparency, it is important to note that this category only includes direct emissions associated with the use of L'Oréal's products. Indirect emissions from the use of products (4,371,584 tCO_2eq in 2024 and 4,178,961 tCO_2eq in 2023) are not included because they are considered optional by the GHG Protocol.*

GHG intensity based on net revenue

GHG intensity per net revenue	2024 outcomes
Total GHG emissions (location-based) per net revenue(1)	171 tCO_2eq/€m
Total GHG emissions (market-based) per net revenue(1)	167 tCO_2eq/€m

(1) Financial results, including the turnover (sales) figures used to calculate this ratio, are set out in detail in section 6.1.

Biogenic carbon emissions from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions

	2024 outcomes
Biogenic carbon emissions from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	63,214 tCO_2eq

Renewable energy purchases and contractual instruments (E1-6 AR 45)

	2024 outcomes
Renewable electricity purchased	510,798,042 KWh
% of Power Purchase Agreements (PPA)	9%
% of bundled purchases with Energy Attribute Certificates (EAC)	55%
% of unbundled purchases with Energy Attribute Certificates (EAC)	37%

4.2.5.4 GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

Although the cosmetics industry has a low carbon footprint compared to other industries, L'Oréal is focusing its efforts on decarbonising the value chain. The Group does not currently use carbon offsetting mechanisms and relies on biodiversity to capture carbon. In 2020, the Group launched the L'Oréal Fund for Nature Regeneration. Endowed with €50 million, its mission is to restore one million hectares of ecosystems by 2030, with the overall goal of capturing 15 to 20 million tonnes of carbon and creating jobs in the process.

4.2.5.5 Alignment with the EU Taxonomy

4.2.5.5.1 Reminder of the regulatory environment and L'Oréal's sustainability strategy

The Green Taxonomy Regulation is a cornerstone of the European Action Plan for Sustainable Finance and aims to redirect capital towards a more sustainable environment by drawing up a list of economic activities considered sustainable by the European Commission. The Taxonomy focuses on activities it has identified as having a high potential for contributing to environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

L'Oréal publishes its taxonomy report in accordance with Taxonomy Regulation (EU) 2020/852 and its associated delegated acts (Climate: 2021/2139 and 2023/2485; Environmental: 2023/2486), applying the doctrine of the European Commission and the Platform on Sustainable Finance (SFP).

This report identifies L'Oréal's activities that are eligible for the European Taxonomy, i.e., those that meet the technical screening criteria set out in the regulation. Of these eligible activities, the report identifies those that are also “Taxonomy-aligned”. Alignment requires that the activity is eligible, i.e., that it makes a substantial contribution to an environmental objective while also doing no significant harm (DNSH) to the remaining five objectives, and that it meet minimum standards, in accordance with the technical screening criteria of the delegated acts.

Pursuant to the Taxonomy Regulation, L'Oréal has presented the proportion of eligible (since 2021) and aligned (since 2022) turnover (net sales), capital expenditure (CapEx) and operating expenditure (OpEx) associated with economic activities classified as sustainable. Until 2022, alignment data were provided only on the climate change mitigation and adaptation objectives. Starting in 2023, L'Oréal now also reports the Taxonomy-eligible portion for the other four environmental objectives.

As L'Oréal's beauty business activities have not yet been included in the EU Taxonomy list, they are considered ineligible within the meaning of these regulations. Accordingly, L'Oréal only reports on its secondary activities, mainly related to real estate.

The low rate of eligibility and alignment of the Group's Taxonomy indicators only very partially reflects L'Oréal's sustainability strategy and its strong commitment to combating climate change, preserving water resources, implementing the principles of the circular economy, preventing pollution or preserving biodiversity throughout its value chain.

4.2.5.5.2 Eligibility and alignment of the Group's activities

Sales indicator: as in 2021, 2022 and 2023, the Group has not identified any eligible turnover in 2024.

PROPORTION OF TURNOVER, CAPEX, OPEX FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES BY ENVIRONMENTAL OBJECTIVE – INFORMATION FOR 2024

	Proportion of net turnover/total turnover	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity	0%	0%

SALES

Fiscal year		**2024**		**Substantial contribution criteria**						**Do No Significant Harm (DNSH) criteria**									
Economic activities (1)	**Code (2)**	**Turnover (3)** *€ millions*	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover, 2022 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
Text		*Currency*	*%*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*%*	***E***	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**														**0%**		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover from Taxonomy-eligible activities but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**0**	**0%**	**0**	**0**	**0**	**0**	**0**	**0**								**0%**		
TOTAL (A.1 + A.2)		**0**	**0%**	**0**	**0**	**0**	**0**	**0**	**0**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover from Taxonomy-non-eligible activities		**43,487**	**100%**																
TOTAL (A+B)		**43,487**	**100%**																

Investment indicator:

At the level of L'Oréal, several economic activities have been identified as individually sustainable, resulting in capital expenditure (CapEx) enabling certain target activities to contribute to the climate change mitigation (CCM) and climate change adaptation (CCA) objectives, and to the transition to a circular economy (CE) in terms of reusing water for industrial purposes. These activities are summarised in the table below:

Eligible economic activities	Description and related activity within the Group
CE 2.2 Production of alternative water resources for purposes other than human consumption	CapEx related to the production of water recovered for industrial use (treated wastewater and rainwater)
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CapEx related to the fleet of leased company cars (IFRS 16)
CCM 7.2/CE 3.2 Renovation of existing buildings	CapEx related to renovation (structural works) to reduce major physical climate risks
CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	CapEx related to the installation of energy efficiency equipment (e.g., replacement of heating or air conditioning systems with more energy-efficient systems)
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CapEx related to the installation of energy efficiency equipment (e.g., smart meters and thermostats)
CCM 7.7 Acquisition and ownership of buildings	CapEx related to heated buildings (long-term leases under IFRS 16, new buildings, extensions or acquisitions)
CCA 14.2 Flood risk prevention and protection infrastructure	CapEx related to the construction of flood protection infrastructure

Activities that are not enabling through turnover (net sales), as is the case for L'Oréal's business, can only be eligible for the climate change adaptation (CCA) objective by purchasing specific CapEx as part of an adaptation plan. Only activity 14.2 (Flood risk prevention and protection infrastructure) currently meets this criterion. Other CapEx and activities contribute either to climate change mitigation (CCM) or to the transition to a circular economy (CE) objectives.

Long-term leases of heated buildings capitalised in accordance with IFRS 16 represent the main source of eligible CapEx (€407 million, or 83% of the total), which is included in activity 7.7 (Acquisition and ownership of buildings). These relate to long-term leases for administrative, industrial and retail sites. The remainder of the eligible scope (€86 million, or 17% of the total) includes:

- buildings and newly acquired heated buildings aligned with the sustainable property strategy (in addition to leases of heated buildings under IFRS 16 included in activity 7.7);
- certain equipment and facilities of the L'Oréal for the Future programme at operational and administrative sites, which are assigned to Taxonomy activities based on whether they contribute to climate (adaptation/mitigation) or circular economy objectives (activities 7.2, 14.2, 7.3, 7.5 and 2.2);
- IFRS 16 company car leases in Brazil (activity 6.5). These contracts, which run for three to five years, were signed in 2023 and were not renewed in 2024. In other countries, the monthly renewal of vehicle fleets, subject to insignificant overall price fluctuations, exempts them from the scope of IFRS 16.

The value of leases (as per IFRS 16) corresponds to the value recorded in the Group's consolidated statement of financial position. The value of buildings and newly acquired heated buildings along with CapEx under the L'Oréal for the Future programme are taken from the Group's internal management reports and reconciled annually with the audited financial statements. This rigorous upstream analytical process means L'Oréal avoids inadvertently counting investments twice.

Certain projects, which were not material taken individually or for which it was difficult to prove their contribution to objectives, were not analysed for alignment and were therefore classified as non-aligned. The alignment analysis focused on a scope of material physical assets for which evidence of alignment was available, namely:

- IFRS 16 leases of heated buildings (excluding stores), by applying a financial materiality threshold targeting the most important leases (although all leases are subject to the Group's property due diligence criteria, only the most significant are analysed in depth for alignment purposes);
- investments of over €500,000 by L'Oréal SA linked to the L'Oréal for the Future programme. In 2024, no L'Oréal SA investment linked to the L'Oréal for the Future programme exceeded €500,000.

For IFRS 16 leases of heated buildings, alignment with the Taxonomy is based on three criteria:

- energy performance: an A-rated or equivalent energy performance certificate (EPC[1]) has been provided. Alternatively, a recognised environmental certification (e.g., BREEAM, LEED, HQE, etc.) has been provided, along with evidence that the building is among the top 15% performers in terms of energy efficiency. Evidence that the building's energy performance is monitored and managed (reports on consumption, etc.) has also been provided;
- climate change adaptation (DNSH): climate risks (e.g., heat waves) and their impact on business activities have been assessed and adaptation measures implemented (e.g., energy-efficient air conditioning and improved thermal insulation). The internal exposure analysis uses an expert tool based on RCP[2] scenarios 2.6, 4.5 and 8.5, with projections from 2030 to 2100;
- compliance with the minimum safeguards: the Group meets the requirements on minimum safeguards set out in the Platform on Sustainable Finance's (PSF) report, via:

(1) *Energy Performance Certificate (EPC).*
(2) *Representative Concentration Pathways [RCP] – AR6.*

- its Code of Ethics and Vigilance Plan (to prevent risks of violations of human rights, fundamental freedoms, health, safety and the environment – see sections 3.2.1 and 3.5),
- its anti-corruption policy (see section 3.2.3),
- the integration of taxation into its sustainability statement (see section 3.2.4); and its Legal Charter (compliance with local legislation, particularly competition law – see section 3.6.3).

In accordance with the European Commission communication of 16 June 2023 on minimum safeguards (2023/C 211/01) and with the Sustainable Finance Disclosure Regulation (SFDR), the Group is not exposed to controversial weapons.

PROPORTION OF CAPEX FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES BY ENVIRONMENTAL OBJECTIVE – INFORMATION FOR 2024

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
Climate change mitigation	2%	22%
Climate change adaptation	0%	0%
Water	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity	0%	0%

RECONCILIATION OF THE DENOMINATOR FOR THE INVESTMENT INDICATOR

€ millions	**2023**	**2024**	**Reconciliation with the financial statements**
Intangible assets	**905.6**	**437.1**	**Variations in intangible assets tables (note 7.2)**
of which acquisitions	355.1	384.2	"Acquisitions/charges" column
of which business combinations	550.6	43.0	Included in the "Changes in the scope of consolidation" column
of which allocation of goodwill to the brand	(0.1)	9.9	Included in the "Other movements" column
Property, plant and equipment	**1,214.2**	**1,277.2**	**Changes in property, plant and equipment tables (note 3.2.2)**
of which acquisitions	1,150.6	1,276.3	"Acquisitions/charges" column
of which business combinations	63.6	0.9	Included in the "Other movements" column
Right-of-use assets (IFRS 16)	**690.1**	**508.4**	**Right of use table (note 3.2.3)**
of which new and renewed leases	500.9	505.6	Included in the amount given in the note below the table
of which business combinations	189.2	2.8	
TOTAL ACQUISITIONS	**2,809.9**	**2,222.6**	

CAPEX

Fiscal year		2024		Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities (1)	**Code (2)**	**CapEx (3)** *€ millions*	**Proportion of CapEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) CapEx, 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
Text		*Currency*	*%*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES/ NO*	*YES/ NO*	*YES/ NO*	*YES/ NO*	*YES/ NO*	*YES/ NO*	*YES/ NO*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	CCM 7 3	0	0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	0	0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	E	
Acquisition and ownership of buildings	CCM 7.7	38	2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	4%		
CapEx on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**38**	**2%**	**2%**	**0%**	**0%**	**0%**	**0%**	**0%**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**YES**	**5%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	YES	YES	YES	YES	YES	YES	YES	1%	E	
Of which transitional		-	0%	0%						YES	YES	YES	YES	YES	YES	YES	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Production of alternative water resources for purposes other than human consumption	CE 2.2	6	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		T
Renovation of existing buildings	CCM 7.2 & CE 3.2	0	0%	EL	N/EL	N/EL	N/EL	EL	N/EL								0%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	16	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	6	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	E	
Acquisition and ownership of buildings	CCM 7.7	425	19%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17%		
Flood prevention and protection infrastructure	CCA 14.2	1	0%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0%	E	
CapEx on Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)* (A.2)		**455**	**20%**	**20%**	**0%**	**0%**	**0%**	**0%**	**0%**								**18%**		
TOTAL (A.1 + A.2)		**493**	**22%**	**22%**	**0%**	**0%**	**0%**	**0%**	**0%**								**22%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx on Taxonomy-non-eligible activities		**1,730**	**78%**																
TOTAL (A+B)		**2,223**	**100%**																

* *Certain projects, which were not material taken individually or for which there were difficulties in proving their contribution to objectives, were not analysed for alignment and were therefore classified as non-aligned.*

In 2024, Taxonomy-eligible CapEx amounted to €493 million, representing 22% of eligible CapEx out of a total of €2,223 million. Despite a lower absolute value compared to the €631 million in 2023, the proportion of eligible CapEx remained stable year on year. The lower absolute value is mainly due to fewer building leases (IFRS 16) in the year compared to 2023, following the acquisition of Aēsop and the consolidation of its leases. However, the fall was offset by a significant increase in CapEx relating to the construction of sustainable buildings on owned sites.

CapEx aligned with the climate change mitigation objective amounted to €38 million in 2024, or 2% of total CapEx. In 2023, this figure was €139 million (5% of total CapEx). The decrease in aligned CapEx in 2024 is solely due to a reduction in aligned IFRS 16 leases following a high number of renewals of leases for buildings that do not fully meet the Taxonomy's sustainability criteria.

OpEx KPI:

PROPORTION OF OPEX FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES BY ENVIRONMENTAL OBJECTIVE – INFORMATION FOR 2024

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity	0%	0%

In the absence of eligible turnover, no OpEx could be classified as eligible. The OpEx denominator required by the Taxonomy, consisting mainly of research and development, short-term vehicle leasing, maintenance and property asset management costs, represents less than 5% of the Group's OpEx. L'Oréal therefore applies the exemption provided by the European Taxonomy and reports an OpEx numerator of zero.

OPEX

Fiscal year	2024			Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities (1)	Code (2)	OpEx (3) *€ millions*	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) OpEx, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		*Currency*	*%*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**														**0%**		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
OpEx on Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**0**	**0%**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								**0%**		
TOTAL (A.1 + A.2)		**0**	**0%**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx on Taxonomy-non-eligible activities		**1,608**	**100%**																
TOTAL (A+B)		**1,608**	**100%**																

MODEL 1 – NUCLEAR AND FOSSIL GAS ACTIVITIES

Line	Nuclear energy activities	Yes/No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities.	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

4.3 Pollution: operations and value chain (E2)

4.3.1 Background

L'Oréal aims to offer beauty that combines quality, effectiveness, safety and responsibility. The Group continuously invests in solutions that minimise or eliminate any adverse effects of its products and ingredients, in accordance with applicable regulations. Its research and innovation policy aims to improve the environmental footprint of its products over their entire life cycle, while ensuring the personal safety of consumers.

In view of the challenges posed by the pollution of water and air, the Group conducts assessments on an ongoing basis to minimise its impacts in the value chain and strives to make reducing environmental consequences a priority. The Group introduces concrete actions at production sites and across the supplier network to promote more sustainable practices. This section presents the measures taken and the outcomes achieved through this approach.

4.3.1.1 Material pollution-related impacts, risks and opportunities

In accordance with the CSRD, the double materiality assessment concerning ESRS E2 on pollution has a more targeted approach than other standards owing to the list of pollutants in the European Pollutant Release and Transfer Register (E-PRTR). Instead of a broad initial assessment of impacts as is the case with the other ESRS, E2 focuses directly on regulated pollutants, offering a more precise and relevant analysis for this specific topic. Pollutants that are prohibited for use in cosmetics, absent from raw materials or present in quantities well below the classification thresholds have been excluded from the analysis. L'Oréal used its internal tool, data from independent non-profit Citepa[1] and conservative assumptions to quantify the remaining pollutants. Only pollutants exceeding the regulatory materiality thresholds are classified as material and included in the table below.

	Description	Subtopics	Policy	Action plans
I- ST	The potential direct or indirect negative impact includes pollution[1] of water and air from L'Oréal's own industrial activities. Specifically, the materiality assessment of pollutants based on the CSRD's ESRS framework highlights the chemical oxygen demand (COD) for water and non-methane volatile organic compounds (NMVOCs) for air as material pollutants. Suppliers' upstream industrial and agricultural activities can also generate air and water pollution. Downstream, the use of rinse-off products by consumers could contribute to the discharge of pollutants into water and impact the quality of the water discharged into wastewater systems.	**Pollution of air** **Pollution of water**	EHS policy Sustainable purchasing policy Research & Innovation policy	Prevent pollution risks at operated sites Encourage suppliers to take steps to avoid pollution Reduce the environmental footprint of products
I+ MT/LT	L'Oréal strives to minimise the environmental footprint of its products by developing more environmentally friendly formulas and minimising the use of substances of very high concern and microplastics. This approach could influence production practices on a wider scale across the industry, encouraging stakeholders to adopt more sustainable processes and invest in research and innovation.	**Microplastics**	Research & Innovation policy	Remove microplastics Remove substances of very high concern
R ST/MT	Another challenge that L'Oréal faces is adapting to constantly changing regulations and shifting consumer expectations in relation to the environment. New regulations, particularly regarding ingredients and packaging, require L'Oréal to reformulate products and conduct additional tests, which generates significant costs. The diversity and constant reinforcement of the regulatory environment expose the Group to a risk of failure to comply or increased compliance costs. In addition, growing consumer awareness of environmental issues requires L'Oréal to constantly adapt. Failure to meet new consumer expectations regarding sustainable products and ensure that its practices comply with ethical and environmental standards, could harm its image and negatively impact sales.	**Substances of concern (SOCs)** **Substances of very high concern (SVHCs)**		

○ *IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.*
□ *Time horizon: ST = short term; MT = medium term; LT = long term.*
(1) *To determine the materiality of the pollution, the Group analysed each pollutant emitted and listed in Annex II of Regulation (EC) No. 166/2006 of the European Parliament and of the Council (European Pollutant Release and Transfer Register – E-PRTR Regulation). If the quantity of pollutants observed exceeds the materiality threshold set by the regulation, it is included in the Sustainability Report.*

(1) *Citepa, or Centre Interprofessionnel Technique d'Etudes de la Pollution Atmosphérique, is a panel of specialists who assess greenhouse gas and air pollutant emissions by sector and pollutant every year.*

4.3.2 Pollution-related policies

4.3.2.1 General EHS policy and aspects relating to pollution from operations

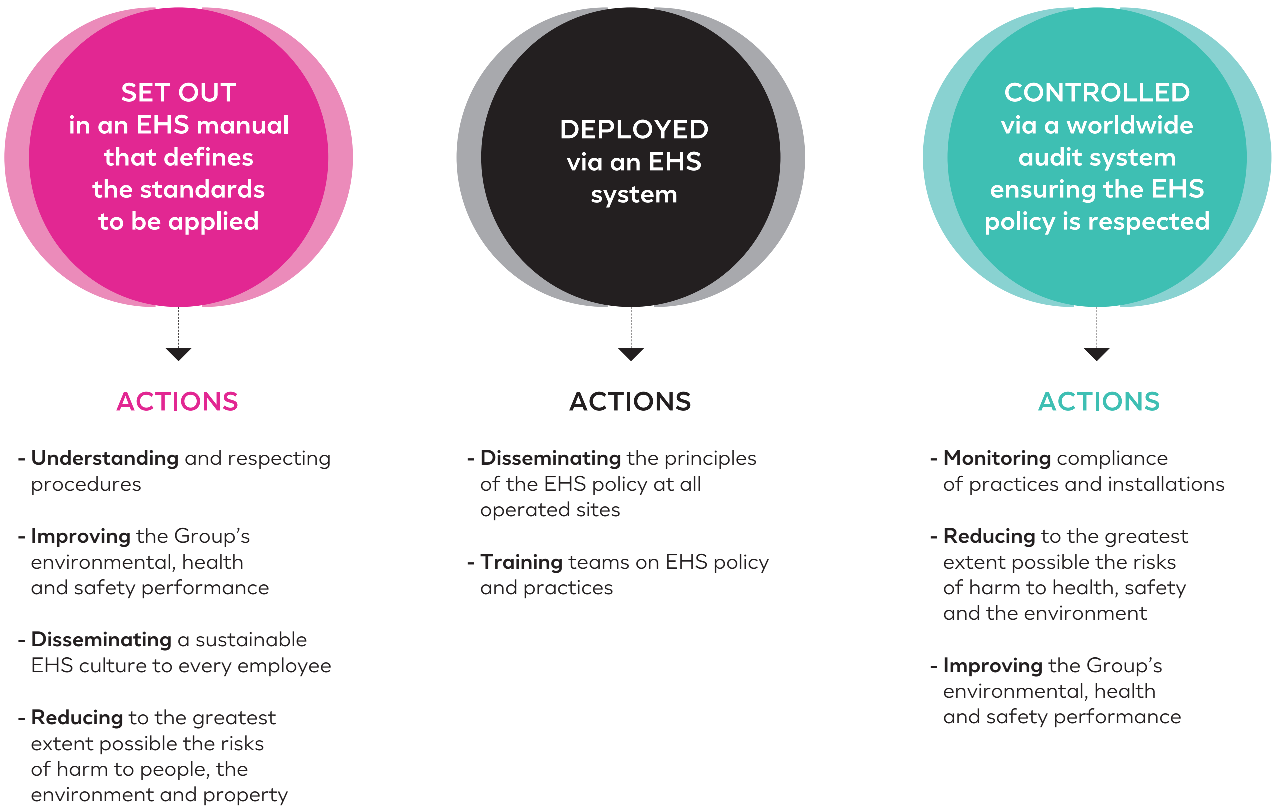
This section presents L'Oréal's global Environment, Health and Safety (EHS) policy, with a focus on pollution.

L'Oréal's Environment, Health and Safety (EHS) policy is designed to reduce the Group's environmental footprint while ensuring the safety of employees and partners. By applying strict standards across all sites and conducting regular audits, the Group ensures that these standards are adhered to, both internally and by subcontractors and suppliers. The key aspects of this policy include:

- an EHS management system to support the Group's strategy;
- a manual detailing the measures to be applied to protect people, property and the environment;
- an ISO certification programme for production facilities;
- regular monitoring based on specific indicators;
- mandatory training for all employees, at every level; and
- an internal and external audit system covering all sites worldwide.

Suppliers are also audited to ensure compliance with the Group's environmental and safety requirements.

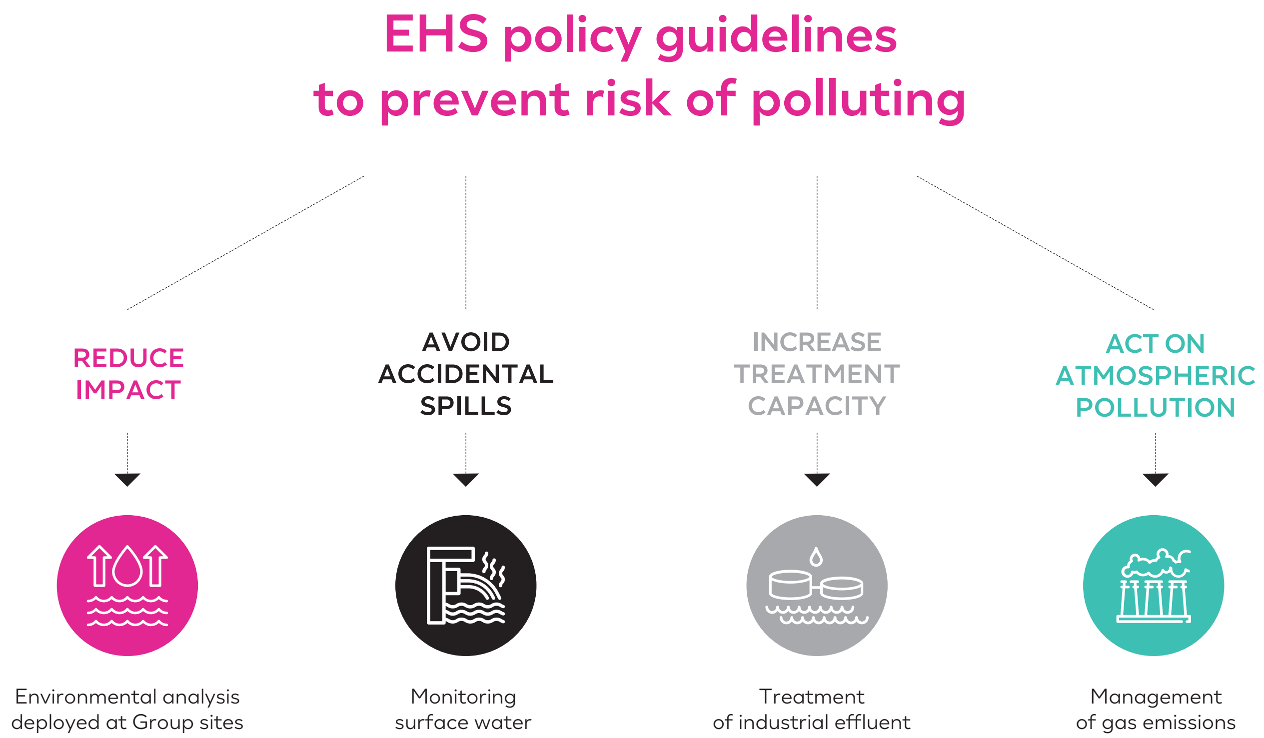
In the event of an accident, contingency plans for each site are activated and employees have received relevant training in this area, subject to regular checks by the EHS team, insurers and EHS audits. When a significant risk is identified or standards impose specific requirements, an in-depth assessment is carried out and immediate mitigation action plans are rolled out.



The Group has set up a dedicated governance structure under the responsibility of the Operations department to ensure that this EHS policy is reflected in all aspects of its activities (see section 3.2.1).

4.3.2.1.1 Preventing pollution-related risks through the EHS policy

The fight against air and water pollution is based on the EHS policy, which applies to all sites operated by L'Oréal and its subcontractors, with an approach built on four strategic pillars:



4.3.2.1.2 Environmental assessment

All production sites conduct an environmental assessment which is updated once a year. The assessment covers all of the site's activities, including upstream and downstream processes, to identify any significant risks of water and air pollution, and to respond with an action plan. This approach is also used to reduce the impacts related to new site locations, renovation projects and changes to industrial processes. Environmental due diligence is systematically performed before any land or building acquisition.

4.3.2.1.3 Monitoring surface water

The Group ensures that its water, particularly rainwater, discharged directly into the environment is of good quality. To do so, it uses monitoring, treatment (e.g., sites are equipped with hydrocarbon separators in car park areas) and retention (e.g., at-risk storage areas must have sufficient retention capacity to contain extinguishing water in the event of a fire) methods.

4.3.2.1.4 Treating industrial effluent

A key indicator of water pollution is chemical oxygen demand (COD), which quantifies the oxygen required to chemically oxidise organic matter in water, whether biodegradable or not. A high COD means a high concentration of these substances and more polluted water. The COD test uses a powerful oxidant in an acid environment to oxidise these materials, and the quantity of oxidant consumed is converted into oxygen equivalent. This measurement is essential for assessing the effectiveness of wastewater treatment and monitoring the water quality.

L'Oréal aims for 100% of its factories to comply with a limit of 1,000 mg of COD per litre of effluent by 2030[1]. This threshold corresponds to the maximum quantity of chemically oxidisable organic matter authorised by L'Oréal in discharges. This objective was defined based on studies carried out with the first Waterloop facilities, performance at the most modern wastewater treatment plants and the rates observed in domestic water. The Group's production sites are also required to comply with local regulations and contractual agreements for all their discharge indicators. To achieve this, L'Oréal uses appropriate technologies (physical, chemical and biological processes) depending on the characteristics of the effluent. The local sites are responsible for operating the relevant equipment and managing the discharge, ensuring that there is no untreated water spill.

(1) *This objective is presented by L'Oréal on a voluntary basis and does not result from any legal obligations.*

4.3.2.1.5 Controlling the Group's air emissions, excluding greenhouse gases

Non-methane volatile organic compounds (NMVOCs) are a variety of volatile carbon compounds, with the exception of methane. These compounds come from both natural and man-made sources, including the use of solvents and industrial processes.

L'Oréal is working to identify and control the risks associated with NMVOCs. Firstly, L'Oréal's facilities ensure that they comply with local requirements set by operating permits. In addition, a solvent management plan has been put in place at the most exposed facilities, covering more than 90% of solvents used, which is used to monitor NMVOC emissions. It provides a comprehensive view of discharges and facilitates the implementation of corrective measures.[1]

4.3.2.2 Sustainable purchasing policy relating to upstream pollution

L'Oréal's sustainable purchasing policy (see section 4.4.2.2) is based on working closely with suppliers to limit the environmental footprint in the value chain. Two main objectives have been defined to reduce upstream pollution:

- reducing air pollution: L'Oréal strives to reduce its greenhouse gas emissions, and encourages suppliers to adopt the same decarbonisation targets (see section 4.2). While this policy does not specifically cover the monitoring of NMVOCs, which are a source of air pollution, it does include broader commitments to reduce air pollution;
- sustainable water management: L'Oréal promotes the responsible use of water by strategic suppliers, particularly in sectors with a high potential impact on water resources (see section 4.4).

4.3.2.3 Research & Innovation policy relating to downstream pollution

L'Oréal's Research & Innovation (R&I) policy puts sustainable innovation right at the heart of its environmental strategy. This includes formulating new products from more sustainable raw materials as well as reformulating existing products to help minimise their environmental footprint. For the eco-design of its products, L'Oréal uses the Sustainable Product Optimisation Tool (SPOT), which is based on life cycle analysis.

For each new product, SPOT measures the improvement in relation to an average of existing products. For each updated product, improvement is measured and compared to the previous version of the product. All product formulator teams use this tool, for example to assess the impact on water whenever new formulas are created and to reduce that impact (see section 4.4).

In addition, the R&I teams work to change the way raw materials are sourced, processed and used through the Green Sciences programme (see section 4.5) built on four pillars: sustainable agriculture, biotechnology and fermentation, green extraction and transformation and green chemistry. This policy is overseen by the Deputy Chief Executive Officer in charge of Research, Innovation and Technology, who devises the related strategy. The Group's R&I teams work with the Divisions and brands to accelerate product transformation and eco-design.

4.3.3 Action plans in place

4.3.3.1 Pollution operations action plan

Pollution of water: The local sites carry out annual self-assessments or internal audits to ensure optimal management of industrial effluents. Each facility is equipped with a monitoring system for real-time tracking of regulated indicators, such as COD, pH and effluent temperature, as well as substances that could disrupt treatment facilities. This system not only detects the risk of overshoots, but also prevents any non-compliance and triggers the necessary corrective actions. With the Waterloop technique (see section 4.4.2.1), all of L'Oréal's production sites will be able to improve their water treatment and recycling capacities. L'Oréal emphasises achieving the internal objective of limiting COD to 1,000 mg per litre of effluent, starting from the design phase of Waterloop projects, to ensure that the trajectory defined by the Group is achieved.

Pollution of air: each year, L'Oréal assesses the non-methane volatile organic compound (NMVOC) emissions resulting from the use of solvents. This assessment is the result of certain local restrictions (such as operating permits in France) and a constraint introduced by the Group. The raw materials team compiles data on the quantities of solvents purchased per facility. L'Oréal then identifies the sites where these products are most widely used. Solvent emissions are then calculated as part of the Solvent Management Plan, and a ratio is applied to all facilities in order to estimate overall discharge. The Solvent Management Plans also include methods and action plans to reduce NMVOC emissions in L'Oréal's plants. As a result, the most high-risk plants are still required to draw up a Solvent Management Plan to understand their emissions and identify reduction factors.

(1) L'Oréal has not set a quantitative target for this topic. It reserves the right to do so at a later date.

4.3.3.2 Sustainable purchasing action plan relating to upstream pollution

In signing L'Oréal's Mutual Ethical Commitment Letter (see section 4.4.2.2), suppliers undertake to put in place systems to prevent accidental pollution of the air, soil, surface and ground water during production and storage processes, including wastewater, as well as pollution during transportation. They also commit to raising employees' awareness of what they should do in the event of an environmental incident.

The Group's suppliers can thereby assess their environmental footprint and implement appropriate prevention measures at each site concerned. The supplier risk analysis is based, at the very least, on the risks listed in the audit grid provided by L'Oréal when the Mutual Ethical Commitment Letter is signed. This grid was prepared in accordance with the list of the major risks described below and is applied during the referencing process and follow-up audits (see section 3.5.4.2):

- the nature of the suppliers' activity requires identification of specific risks: the suppliers are required to roll out additional prevention measures in accordance with best practices in their industry; and
- the nature of the raw materials used by the suppliers: in the case of subcontracting to suppliers involved in aerosol production or storage, bleaching powders or flammable products, the local sites are subject to specific risk analyses on process safety. Additional specific EHS audits are performed by independent third parties at these subcontractors' sites. These audits are initiated at the time of referencing, as part of a follow-up conducted within three years of a "Needs Immediate Action" request, depending on the severity of the non-conformity identified, and at the time of confirmation, five years after the initial audit.

Suppliers that present the most significant risks because of their activity or geographic location may be audited on these issues, as provided for in the risk map.

Serious cases of non-conformity (Needs Immediate Action, Zero Tolerance and Access Denied) or the failure to implement corrective actions can result in the non-listing of a new supplier or the suspension or delisting and termination of commercial relations. All the main instances of non-conformity found are monitored and consolidated annually by risk type.

4.3.3.3 Research & Innovation action plan for downstream pollution

L'Oréal has been taking concrete action for many years to identify, assess and limit the environmental footprint of products made available to consumers. This approach is based on several pillars:

- improving the environmental profile of its products throughout their life cycle;
- improving the biodegradable properties of its formulas;
- removing microplastics; and
- reducing the use of substances of (very high) concern.

L'Oréal is improving the environmental profile of its products, including formulas, packaging and raw materials, in particular through the SPOT eco-design tool, which assesses 14 environmental impact factors, including water quality (see section 4.4.3.3).

L'Oréal is also working on improving the biodegradable properties of its formulas, not only for new products but also for existing ones. Formulas are considered to be biodegradable when the raw materials in those formulas decompose quickly and completely in nature thanks to the action of micro-organisms (OECD 301 or equivalent ISO).

L'Oréal has taken the lead in eliminating microplastics, anticipating regulations and acting proactively to reduce the impact of its products on the environment. As early as 2014, L'Oréal began reformulating its rinse-off products such as shower gels and shampoos, succeeding in completely eliminating plastic microbeads from its exfoliating products as of 2017 (six years before the regulatory ban in Europe) and microplastics from all its rinse-off formulas as of 2020 (seven years before the regulatory ban in Europe). The Group continues to work on substitutions that do not compromise the effectiveness or performance of other product categories.

L'Oréal prohibits the introduction of new ingredients classified as SVHC[1] in its product portfolio. Aware of constantly evolving scientific knowledge, L'Oréal undertakes to remove from its products any substance which, although not classified as SVHC when the formula was first marketed, has subsequently been identified as such.

Thanks to the SPOT eco-design tool, L'Oréal automatically takes into account the potential environmental impact of substances of concern and, with the aim of improving the environmental footprint of its products, will automatically minimise the use and potential concentrations of this type of ingredient.

L'Oréal also rigorously assesses the toxicological and environmental profile of the ingredients used in its products, in accordance with the REACH and CLP (Classification, Labelling, Packaging) Regulations on cosmetic products.

(1) *Substances of very high concern as identified by Article 57 of the European REACH Regulation.*

4.3.4 Pollution-related outcomes

4.3.4.1 Air pollution-related outcomes (E2-5)

Key performance indicator	2024 outcomes
Non-methane volatile organic compounds (NMVOC)	743 tonnes

4.3.4.2 Water pollution-related outcomes (E2-5)

Key performance indicator	2024 outcomes
Chemical oxygen demand after on-site treatment	3,690 tonnes

4.3.4.3 Other outcomes linked to L'Oréal's own pollution of water

Key performance indicator	2024 outcomes	Objective
Industrial sites with wastewater < 1,000mg chemical oxygen demand (COD)/l	24 sites	L'Oréal aims for 100% of its factories to comply with a limit of 1,000 mg of COD per litre of effluent by 2030
Proportion of manufacturing facilities with wastewater <1,000mg chemical oxygen demand (COD)/l	67%	

4.3.4.4 Results related to microplastics and SVHCs (E2-5)

Key performance indicator	2024 outcomes
Microplastics used	*representing < 0.03% of the total volume of the Group's ingredients*
Total substances of very high concern	approximately *0.44% of the total volume of the Group's ingredients*
Substances of very high concern by main hazard class(1):	
• Substances of very high concern, hazard class PBT (persistent, bioaccumulative, toxic)	approximately *0.007% of the total volume of the Group's ingredients*
• Substances of very high concern, hazard class vPvB (very persistent, very bioaccumulative)	approximately *0.44% of the total volume of the Group's ingredients*

(1) The same substance may be classified in several risk classes, which explains why the total quantity of substances of very high concern may be less than the sum of each class.

4.4 Water resources: consumption and withdrawals (E3)

4.4.1 Background

The challenge of preserving water is recognised by the international scientific community. Water is an essential resource for the production and use of L'Oréal products, and its sustainable management is a key priority for the Group. In that context, L'Oréal seeks to use its influence on the value chain and in all the watersheds in which it operates.

The Group is taking action at all levels to limit the water footprint linked to its business activities:

- at operated sites, including on industrial uses such as cleaning production equipment or producing steam;
- upstream in the value chain, by encouraging suppliers to adopt sustainable practices; and
- downstream in the value chain, by optimising product usage among consumers.

This section covers the quantities of water withdrawn and used. Aspects relating to water quality and pollution are dealt with in section 4.3 (ESRS E2), and impacts on biodiversity in section 4.5 (ESRS E4).

4.4.1.1 Material water resources-related impacts, risks and opportunities

	Description	Subtopics	Policy	Action plans
I- ST/LT	The Group's activities may have an impact on water availability at different levels of the value chain, potentially contributing to tensions over this resource, particularly in regions already subject to water stress. Upstream, the agricultural practices required to grow certain raw materials may put pressure on local water resources. The production phase of cosmetic products, which requires water at various stages, for example to rinse the processing tanks, must also be monitored. Lastly, the usage of products by consumers, particularly when rinsing off shampoos or shower gels, contributes to water consumption.	**Water consumption** **Water withdrawal**	EHS policy	Water resource preservation at operated sites
I+ MT/LT	By promoting best water management practices, the Group can have a positive influence by improving industry applications – including among strategic suppliers, especially those with a potential impact on water resources – innovating to offer products that require less water and raising consumer awareness on ways of reducing water consumption when using beauty products.		Sustainable purchasing policy	Working with suppliers to use water responsibly
R ST/LT	Water stress poses three financial risks for L'Oréal. The supply of raw materials may be affected by water shortages in some regions. Production site operations in areas of water stress are vulnerable to disruption. Lastly, demand for and sales of products whose everyday use requires water, such as shampoos, is likely to fall in regions affected by water shortages where local consumers may not be able to use them.		R&I policy	Reducing the quantity of water needed for rinse-off products

○ *IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.*
□ *Time horizon: ST = short term; MT = medium term; LT = long term.*

4.4.2 Water policies

As part of the L'Oréal for the Future programme, the Group is aiming to reduce its water consumption at every stage in its products' life cycles.

4.4.2.1 EHS policy for water management at operated sites

L'Oréal is aware of the increasing pressure on water resources and is adopting responsible management policies across its sites. The EHS policy for water management at operated sites aims to preserve this precious resource through a multi-disciplinary approach detailed in the action plan. Through the innovative Waterloop concept, L'Oréal is aiming to use recycled and reused water in industrial processes. Waterloop equipment is being deployed by order of priority of the water situation in the watersheds in which L'Oréal operates. This approach is fully in line with the Group's EHS policy, which governs the use of water from withdrawal to discharge.

Recycling and reusing water with the Waterloop concept

Using water re-use and recycling techniques, Waterloop limits the amount of water withdrawal for industrial purposes at L'Oréal's production sites. In practical terms, mains water is only used for human consumption and manufacturing cosmetic products, while industrial needs, such as cleaning or steam production, use water treated directly on site.

This system is based on two essential pillars:

1. process optimisation: reducing the volume of water used in production processes; and
2. reuse and recycling: wastewater treatment using advanced technologies such as ultrafiltration and reverse osmosis, to obtain high-quality water that can be reused in industrial processes.

Launched in 2017, Waterloop is operational at several of the Group's production facilities, with a gradual roll-out based on the order of priority of regional water stress levels.

The EHS policy also covers treatment of industrial effluents and is aimed at reducing the environmental impact of the water leaving the sites (see section 4.3).

4.4.2.2 Sustainable purchasing policy

Sustainability is deeply rooted in the values and choices of L'Oréal's Purchasing Department. Supporting its ecosystem throughout the value chain is fundamental for L'Oréal in its efforts to meet today's environmental and social challenges. With the aim of moving towards a more sustainable beauty industry alongside its suppliers, L'Oréal applies a sustainable purchasing policy framework to both production and service purchases. The policy is set by the Group's sustainable purchasing team in agreement with internal stakeholders (the Ethics, Sustainability and Operations departments). It is applied by L'Oréal's buyers in the various purchasing areas and Zones with the aim of forging responsible and transparent relationships with all suppliers and to limit L'Oréal's environmental and social impact.

The policy is built around four pillars. These are in turn part of L'Oréal's Mutual Ethical Commitment Letter, which formalises the joint commitment that L'Oréal has with its suppliers:

1. respect for human rights: L'Oréal requires its suppliers to respect human rights in accordance with international labour standards. In particular, L'Oréal's suppliers are required to guarantee decent and safe working conditions, prohibiting all forms of forced labour, child labour and discrimination. In line with the L'Oréal for the Future programme, the Group aims to ensure that all employees of strategic suppliers are paid at least an adequate wage (see section 4.9);
2. preservation of the environment and natural resources: L'Oréal aims to minimise the environmental impact of its supply chain and services:
   - by reducing its carbon footprint: the Group works with its suppliers to reduce greenhouse gas emissions in the value chain (see section 4.2);
   - by requiring its strategic suppliers to commit to sustainable water management practices: L'Oréal aims to have all its strategic suppliers using water sustainably in the areas in which they operate. L'Oréal uses in particular the CDP Water score achieved by its strategic suppliers to check their alignment with this indicator. This applies to strategic suppliers whose activities have a high potential impact on water resources (see section 4.4.3.2);
   - preserving resources and biodiversity. L'Oréal is committed to sourcing raw materials that are traceable and respect ecosystems (see section 4.5);
3. business integrity: L'Oréal demands the highest integrity from its suppliers. L'Oréal's business relationships are based on transparency and respect for ethical standards and anti-corruption laws. The Group's buyers receive training in this regard. These principles are also enshrined in L'Oréal's Code of Ethics and reflected in its supplier selection process (see section 4.13);
4. diversity, equity and inclusion: firm in its belief in creating a diverse and inclusive working environment, both within the Group and across the supply chain, L'Oréal encourages diversity, fairness and inclusion among its suppliers. L'Oréal encourages them to adopt responsible practices and supports them in developing inclusive purchasing programmes (see section 4.9).

Governance over this policy is integrated into L'Oréal's purchasing processes, based on measurable objectives that are in line with the Group's environmental, social and economic commitments. Reporting to the Chief Operations Officer, the sustainable purchasing team defines the relevant action plans in conjunction with the managers of each purchasing field and zone, as well as with internal and external stakeholders.

Key indicators are monitored and shared at least once a year at Group level, in particular through management committee meetings dedicated to non-financial commitments. Regular monitoring is rounded out by internal and external audits of L'Oréal's processes and quantitative indicators, which guarantee the system's robustness.

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, with a 20% weighting on environmental and social commitments.

To help them progress in their sustainable development practices and comply with these standards, L'Oréal provides its strategic suppliers with various resources and tools, including sharing best practices on the Spread the Best Practices platform, webinars and training materials. The purchasing teams in L'Oréal's purchasing fields and Zones ensure that this knowledge is disseminated locally, and support suppliers in its implementation.

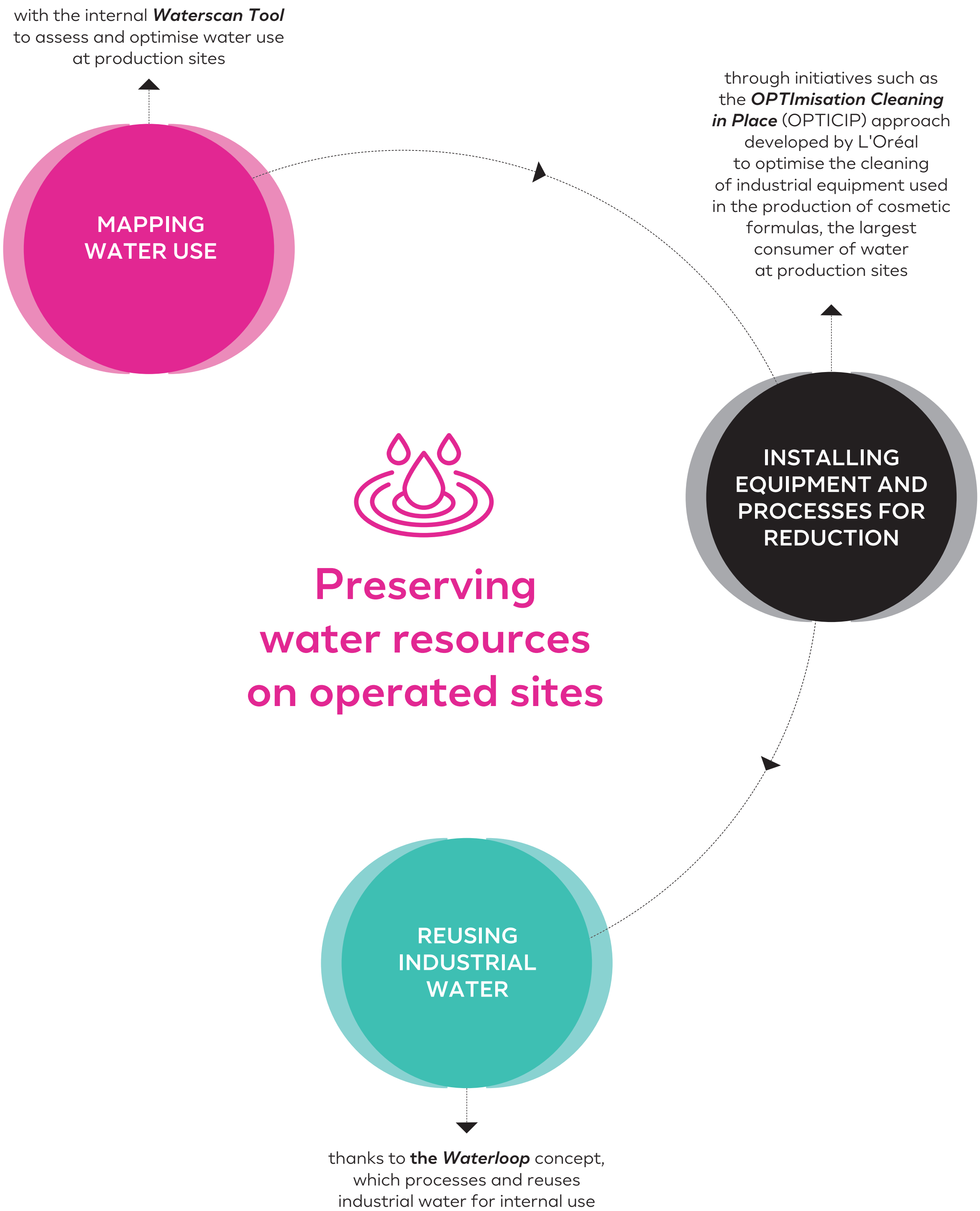
4.4.2.3 Research & Innovation policy for developing water-efficient products

As part of its Research & Innovation policy, L'Oréal is aiming to reduce water consumption linked to the use of its products. To achieve this, L'Oréal is developing formulas that require less water for rinsing (for example, that combine several functions, such as 2-in-1 shampoos), or even no rinsing at all (such as no-rinse conditioners and face cleansers), and is teaming up with or acquiring companies such as Gjosa to offer innovations such as the L'Oréal Water Saver showerhead used in hair salons to reduce the water for rinsing off hair products.

4.4.3 Action plans in place

4.4.3.1 Water resource preservation at operated sites

As part of its EHS policy to reduce water consumption, L'Oréal is planning measures to preserve water resources at its production sites. This multidisciplinary approach is described in the following chart:



4.4.3.2 Working with suppliers to use water responsibly

Sustainable water management is essential to L'Oréal's supply chain organisation. In an era of growing global water constraints, L'Oréal wants to support its suppliers in implementing responsible practices. Its action plan is built on three pillars:

- Mapping and assessing water risks: L'Oréal is working to identify the risks and dependencies linked to water in its supply chains. Using this analysis, the Group is aiming to anticipate risks to water resources, and to set up projects to preserve and restore ecosystems and watersheds where the most critical situations are identified.
- Sustainable water management by strategic suppliers: As part of the L'Oréal for the Future programme, L'Oréal works together with its strategic suppliers to promote responsible water stewardship in the areas where they operate. This commitment involves monitoring suppliers' environmental performance in terms of water management (in particular through their scores on the CDP Water questionnaire). L'Oréal encourages suppliers to continuously improve their performance and to adopt ambitious measures to reduce their water consumption, optimise their use of resources and mitigate the impacts and risks associated with their activities. It also requires respect for fundamental human rights linked to access to water, sanitation and hygiene, as stipulated in the Mutual Ethical Commitment Letter (MECL) that all strategic suppliers must sign.
- Strategies for optimising water use: L'Oréal encourages its suppliers to adopt water-saving practices, such as efficient irrigation, recycling and continuous monitoring of water consumption, with the aim of maximising water efficiency and reducing pollution.

4.4.3.3 Reducing the water footprint in product use

For several years, L'Oréal performed life cycle analysis of its products in order to identify, evaluate and improve its environmental footprint. At L'Oréal, SPOT (see chart hereafter) is an integral part of product launch processes, putting sustainable innovation at the very heart of product development. L'Oréal uses eco-design techniques to improve the water footprint associated with the use of its products, based on three pillars:

- innovation in routine: developing “no-rinse products”;
- reducing "rinse-off" water quantities: improving formulations for better rinsability, as measured and optimised by an internal methodology (R&I Evaluation Intelligence); and
- deploying technologies to reduce water consumption across the value chain, notably with the L'Oréal Water Saver in hair salons.

These innovations demonstrate L'Oréal's commitment to offering responsible and sustainable solutions at every stage of product use.

Assessing environmental impacts using SPOT

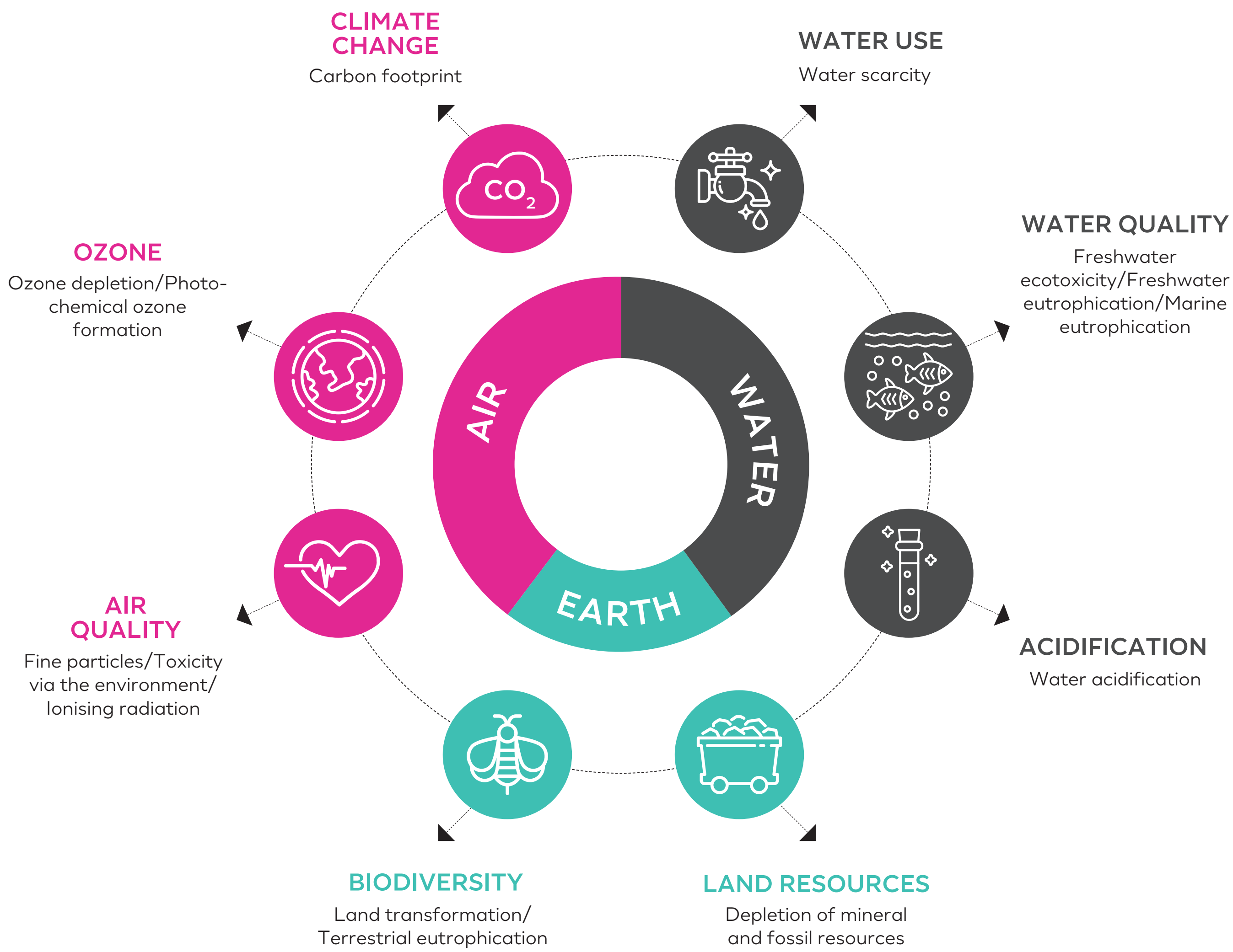
As part of its sustainability drive, L'Oréal has developed the Sustainable Product Optimisation Tool (SPOT), which assesses the environmental footprint of products throughout their life cycles. Based on the European product environmental footprint benchmark, SPOT assesses 14 impact factors at each stage of the life cycle, from ingredients to use and recycling. These categories include the impact on climate change, water quantity and biodiversity.

As part of its continuous improvement approach, the data collected and the calculation method are constantly evolving. The data collected are then standardised according to the average impact of a consumer worldwide, resulting in a single global environmental footprint for each product.

The SPOT eco-design tool helps L'Oréal teams design products with a lower environmental impact. By comparing a product's footprint with a benchmark, the teams are able to identify areas for improvement in terms of formulas and packaging.

This tool supports L'Oréal's commitment to more responsible beauty and is part of a continuous improvement approach aimed at reducing overall environmental impact.

THE 14 IMPACT FACTORS CALCULATED AS PART OF THE SCORING AT EACH STAGE OF A PRODUCT'S LIFE CYCLE[1]



(1) *The methodology is available at www.loreal.com under "For our products" – "Our product environmental and social labelling".*

4.4.4 Outcomes related to water resources

4.4.4.1 CSRD disclosure requirements relating to water consumption (E3-4)

Key performance indicator	2024 outcomes
Total water consumption	972,374 m^3
Total water consumption in m^3 in areas at water risk, including areas of high water stress[1]	353,639 m^3
Total water recycled and reused	877,222 m^3
Water intensity: total water consumption per net revenue on own operations[2]	22 m^3/€ million

(1) Indicator calculated on the Group factories scope.
(2) Financial results, including the turnover (net sales) figures used to calculate this ratio, are set out in detail in section 6.1.

4.5 Biodiversity and ecosystems (E4)

4.5.1 Background

Remaining in tune with the rich diversity of natural ecosystems is essential for L'Oréal, as the Group uses more than 1,500 raw materials from 345 botanical species grown in more than 100 countries.

Aware of the urgent need to preserve and restore biodiversity, L'Oréal organises its activities around two priorities:

- combat deforestation, conversion and the degradation of forestry ecosystems;
- restore degraded ecosystems and regenerate nature.

In concrete terms, L'Oréal has defined the following priority areas to reduce its environmental impact:

- constantly improving the environmental profile of its products;
- prioritising the use of biobased ingredients, mainly from sustainable sources;
- maintaining unchanged the land cover required to produce its plant-based ingredients;
- restoring forest ecosystems linked to its value chain.

4.5.1.1 Material biodiversity-related impacts, risks and opportunities

Each year, L'Oréal analyses the footprint of biobased materials to determine the extent and condition of the ecosystems linked to these materials. In 2024, a risk analysis for 2030 and 2050 was carried out on all biobased materials, analysing six ecosystem services[(1)]. This analysis was supplemented by a financial assessment of the impacts and risks identified in respect of revenue or possible costs linked to the Group's business model. These analyses are used to prioritise action plans for the 15 most material biobased materials. These models were developed in collaboration with stakeholders.

	Description	Subtopics	Policy	Action plans
I- MT/LT	Since it uses various botanical species in its formulas, L'Oréal could have an impact on certain ecosystems. For example, the agricultural practices required to grow certain raw materials may put pressure on ecosystem services such as pollination and biomass supply.	**Impacts on the extent and condition of ecosystems** **Impacts and dependencies on ecosystem services** **Biodiversity loss due to land-use change, fresh water-use change and sea-use change** **Biodiversity loss due to direct exploitation**	Sustainable purchasing policy Forest policy	Reducing the impact on ecosystems Restoring biodiversity
R MT/LT	The ecosystem services provided by nature are intrinsically linked to the Group's business model, as many key ingredients such as vegetable oils and plant extracts are sourced directly from ecosystems. The Group models, for example, deteriorated ecosystems (e.g., through deforestation, biodiversity loss or pollution) that could lead to shortages, higher prices and a drop in the quality of ingredients, directly impacting production and therefore the Group's business.			
O ST/MT	Developing innovative solutions[(2)] to reduce the impact of the beauty industry on biodiversity is a promising investment. These could help reduce the Group's dependence on certain ecosystem services. By responding to growing consumer demand for more responsible products, the large-scale roll-out of these solutions could generate substantial savings. Lastly, diversifying supply sources and working to restore ecosystems may strengthen the resilience of the Group's value chain.		L'Oréal Fund for Nature Regeneration	Contribute, through the L'Oréal Fund for Nature Regeneration, to the restoration of one million hectares of degraded ecosystems

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
Time horizon: ST = short term; MT = medium term; LT = long term.

4.5.2 Biodiversity policies

As L'Oréal prioritises the use of plant-based ingredients in formulas and packaging, it recognises the crucial role of biodiversity preservation and aims to play its part in supporting it. Mindful of growing biodiversity loss and the increasing pressure on biodiversity-rich ecosystems, the Group is adjusting its organisation so as to strive to ensure:

- the biobased ingredients used in the Group's formulas and packaging materials are traceable and originate from sustainable sources; and
- the land cover required for producing ingredients remains unchanged.

L'Oréal's sustainable purchasing policy (see section 4.9.2.2) promotes an integrated approach, reconciling respect for human rights and the protection of ecosystems. The Group is focusing on regenerative agriculture to restore soil quality and preserve biodiversity, while taking account of the challenges related to climate change.

L'Oréal has mechanisms such as the Speak Up platform and the "palm alert" procedure (see section 4.9.3), designed to facilitate feedback and channel concerns from stakeholders regarding the impact of L'Oréal's activities on shared resources and ecosystems.

The aim of L'Oréal's forest policy (see section 4.9.2.2) is to establish a 100%-sustainable and traceable supply of forestry raw materials, without deforestation or exploitation, while ensuring that the rights of workers and communities are respected. The policy is built around two pillars:

- responsible forest management: encouraging traceable and sustainable sourcing; and
- protection and rehabilitation: supporting the protection and restoration of forest ecosystems, while promoting a sustainable economy for local populations.

(1) *Biomass supply, genetic diversity, pollination, ecosystem self-regulation against plant and forest diseases, soil quality/formation, nutrient cycle.*
(2) *For example, the project for the responsible sourcing of rice bran to small rice producers in the Isaan region in north-east Thailand, which encourages farmers to diversify their income, improve biodiversity and limit the methane emissions generated by rice fields. Thanks to the determination of volunteer farmers, the project has successfully demonstrated to the region's farming community the benefits of agroforestry and how biodiversity and its protection can improve farmers' livelihoods.*

The L'Oréal Fund for Nature Regeneration was also set up in 2020 to support projects aimed at restoring natural ecosystems, helping to protect biodiversity on a global scale. The €50 million impact investment fund is managed by Mirova and targets a financial return combined with the creation of environmental and social value. By the end of 2024, out of more than 100 projects initially analysed, 24 had been selected for in-depth study, and 16 had ultimately benefited from commitments totalling €27 million. Among these projects, ReforesTerra particularly stood out for its ambition to restore 2,000 hectares of land degraded by livestock farming in the Amazon. The innovative project combines the planting of new trees by small-scale farmers and the natural regeneration of forests, encouraged by the creation of "clusters" to attract wildlife and help species spread.

4.5.3 Action plans in place

L'Oréal is taking action to reduce its impact on biodiversity and restore ecosystems. This section details the initiatives launched under this topic, in particular measuring the biodiversity footprint, sustainable sourcing practices and the fight against deforestation.

4.5.3.1 Reducing the impact on ecosystems

4.5.3.1.1 Measuring the biodiversity footprint

Given its role in pollination, air and water purification and soil fertility, to take but a few examples, biodiversity is vital for humanity. The degradation of its ecosystems weakens L'Oréal's own resilience to climate change. To assess its impact on biodiversity, the Group worked with The Biodiversity Consultancy to develop an approach that quantifies land cover through:

- required ground surface: the amount of land used to produce biosourced ingredients; and
- biodiversity loss: impact of agricultural practices on ecosystems.

The assessment is expressed in MSA.ha (Mean Species Abundance), a measurement of biodiversity loss. The approach also takes into account the vulnerability of local species using the Species Threat Abatement and Recovery (STAR) metric, based on data from the International Union for Conservation of Nature (IUCN). This footprint measurement provides a better understanding of the potential impact on biodiversity within the Group's value chain. Combined with risk analyses, it will enable action plans to be targeted at priority biobased materials.

4.5.3.1.2 Controlling land cover

L'Oréal is striving to ensure that the land cover required to produce its plant-based ingredients remains unchanged. This ambition is based on:

- regenerative agriculture (see section 4.5.3.2.1): supporting suppliers with agricultural practices that are compatible with biodiversity and the soil;
- innovative alternatives: through the Green Sciences programme (see chart below), the Group is exploring biotechnologies and the circular economy as a way of reducing its environmental footprint; and
- support for rehabilitation projects: financing restoration projects for ecosystems linked to the Group's strategic supply chains.

L'Oréal is consolidating these initiatives with ongoing research and the development of assessment methodologies, and is actively involved in international bodies such as the Science-Based Targets for Nature network, the B4B+ club of CDC Biodiversity, and the One Planet Business for Biodiversity (OP2B) collective.

Details of the Green Sciences programme

The Green Sciences programme covers all the scientific fields on which R&I relies to achieve L'Oréal's objectives in terms of the preservation of natural resources and biodiversity. The programme is a prerequisite for sustainable innovation. It focuses on developing ingredients/raw materials around four pillars based on recent developments in life and environmental sciences: sustainable cultivation, biotechnology and fermentation, eco-designed extraction and physical transformation processes, and green chemistry.

Sustainable cultivation involves guiding and implementing agro-ecological cultivation practices within supply chains. By applying these responsible farming techniques with its supplier partners, L'Oréal aims to preserve water resources, contribute to soil health and biodiversity preservation, strengthen carbon sequestration while respecting populations and their ecosystems. Green transformation processes, such as biotechnologies, green extraction, and green chemistry, enable the transformation of raw materials to obtain the necessary ingredients for formulations, and offer responsible and sustainable products to consumers, while respecting safety and performance requirements.

4.5.3.1.3 Prioritising sustainably sourced renewable raw materials

L'Oréal has developed its sourcing strategy for biobased ingredients around respect for biodiversity, and promoting traceability and sustainability. The ISO 16128 standard on cosmetics defines ingredients as biobased when more than 50% of their carbon content is of biological origin. Ingredient traceability is made possible by precise knowledge of botanical and geographical origin and cultivation methods. Sustainability is assessed using the SCAN Index, which analyses environmental and social risks. If risks are identified, an action plan is put in place, with an independent third party where necessary, to ensure compliance with the Group's sustainable purchasing policy.

4.5.3.1.4 A "zero deforestation" approach

To combat deforestation, L'Oréal is seeking to implement an ambitious forest policy:

- traceability: L'Oréal remains vigilant regarding the origin of its raw materials subject to deforestation risk in order to verify that they are not sourced from deforested areas;
- specific action plans: action plans exist for product types that are particularly sensitive, such as palm oil, soya and wood fibre;
- risk management: an in-depth analysis evaluates the risks associated with supply areas, taking into account alerts from the media, NGOs and other stakeholders; and
- supplier engagement: L'Oréal works with its direct suppliers and throughout the value chain to promote sustainable sourcing practices.

To further transform its value chain, L'Oréal is focusing on two areas:

- industry transformation: working with stakeholders such as the CDP and industry coalitions on sensitive raw materials, particularly Action for Sustainable Derivatives (ASD) in the palm oil sector; and
- projects in the field: direct support for projects, such as in Indonesia and Malaysia to help small producers adopt sustainable practices and qualify for Round Table on Sustainable Palm Oil (RSPO) certification.

Improvement plans are in place with suppliers representing 70% of the volume of raw materials with sustainability challenges, according to the SCAN Index.

4.5.3.1.5 Results by commodity

L'Oréal has put in place specific actions for sensitive raw materials:

- palm oil, palm kernel oil and their derivatives: certified sustainable sourcing (RSPO), traceability to the palm oil mills (via ASD), and the use of tools such as the Sustainable Palm Index to assess suppliers and have them commit to best practices. L'Oréal aims to support small growers and encourage sustainable practices in the sector;
- soya bean oil: purchases in Latin America from certified sources (IP Proterra, RTRS, BIO, Fair For Life); and
- paper and cardboard: for packaging, use of FSC- or PEFC-certified materials, guaranteeing sustainable forest management and transparency of the country of origin.

L'Oréal is a member of the Forest Stewardship Council (FSC) and applies the FSC label to its paper and cardboard packaging. In terms of plastics, L'Oréal cease to manufacture finished goods PVC in 2018.

4.5.3.2 Restoring biodiversity

4.5.3.2.1 Implementing regenerative farming practices among suppliers

Regenerative agriculture is an approach to agricultural systems based on rehabilitation and conservation, and is developed in collaboration with local communities. It is based on four key actions:

- protecting and enhancing biodiversity on and around farms;
- improving or preserving carbon and water retention in the soil, by harnessing the power of plants, livestock and sustainable farming practices;
- strengthening the resilience of crops and nature, while reducing the use of pesticides and chemical fertilisers; and
- supporting the livelihoods of agricultural communities.

L'Oréal is initiating regenerative agriculture pilot projects within its supply chain. A concrete example of this, is an initiative in Indonesian palm plantations, where the Group, partnering with local stakeholders and research centers like CIRAD, is supporting the implementation of eco-friendly agriculture practices. Adapted models are used to restore soil and gradually reduce the use of chemicals, increase yields and raise the incomes of local populations, with the main aim of improving the resilience of natural ecosystems.

4.5.3.2.2 Supporting the regeneration of natural ecosystems

The L'Oréal Fund for Nature Regeneration, a €50 million impact investment fund, supports projects to restore soil and regenerate mangroves, and marine and forest areas. The ambition is to help restore one million hectares of ecosystems by 2030, capture 15 to 20 million tonnes of CO_2 and create hundreds of jobs, while avoiding carbon offsetting solutions. Since 2020, more than one hundred projects have been reviewed in the process of building up the investment portfolio.

4.6 Resource use and circular economy: formulas and packaging (E5)

4.6.1 Background

L'Oréal has integrated the circular economy as a key pillar of its L'Oréal for the Future programme, with the aim of helping to preserve natural resources. L'Oréal is striving to improve its practices throughout the life cycle of its products, from design to end of life. This approach involves the use of renewable raw materials from sustainable sources or manufactured according to the principles of green chemistry or using biotechnology. For its packaging, L'Oréal is developing solutions to reduce the use of materials and encourage recycling.

4.6.1.1 Material circular economy-related impacts, risks and opportunities

IRO	Time horizon	Description	Subtopics	Policy	Action plans
I-	ST/MT	Resource-intensive products and packaging, combined with inadequate waste management practices, could be a threat to the environment. The depletion of renewable and non-renewable resources could lead to shortages and disrupt ecosystems. At the same time, the accumulation of waste and industrial pollution, compounded by inadequate recycling infrastructure, could lead to the contamination of soil, air and water, endangering both biodiversity and human health.		Packaging policy	Reducing packaging intensity
I+	MT/LT	L'Oréal is pursuing circular practices to strengthen its position as a responsible player, promote stricter sustainability standards and drive collaborative innovation (with the recycling industry, start-ups, NGOs and research bodies). By seeking to improve the recyclability of its products and raise consumer awareness, L'Oréal may help change consumer behaviours. In line with this commitment, L'Oréal also supports the development of recycling solutions, generating jobs and promoting more sustainable solutions for the industry.	**Resource inflows: formulas and packaging**		Using recycled or biobased materials for packaging Promoting refillable, reusable, recyclable or compostable packaging Developing collection and recycling channels
R	ST/MT	The increasing scarcity of certain resources and constantly changing environmental regulations, such as extended producer responsibility policies, may generate additional costs for L'Oréal, particularly in terms of sourcing, R&I and adapting production processes. L'Oréal must also respond to the growing demand for sustainable and environmentally friendly products. Failure to adapt to this new market reality could damage L'Oréal's brand image, result in a loss of consumer confidence and a drop in sales versus more environmentally advanced competitors.	**Resource outflows: formulas and packaging** **Waste from operations**	R&I policy EHS policy for waste management	Promote the use of ingredients that are biobased, derived from abundant materials or from circular processes Reducing waste generation at source
O	MT/LT	Circularity is a rich source of opportunity for L'Oréal. It helps strengthen brand image by responding to growing consumer expectations for sustainable products and practices, attracting new customers and building loyalty among existing ones. Adopting circular business models, such as refill recharging systems, opens up new sources of income while reducing environmental impacts. Committing to sustainability facilitates strategic partnerships with key actors in the value chain, encouraging collaborative innovation and amplifying the positive impact of L'Oréal's own initiatives.		Circular Innovation Fund	Accelerating development of the circular economy

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
Time horizon: ST = short term; MT = medium term; LT = long term.

4.6.2 Circular economy policies

The double materiality assessment highlighted the importance of resources for creating L'Oréal's beauty products, whether ingredients or packaging materials. The Group sources raw materials from suppliers and transforms them into finished cosmetics, making the responsible management of these resources a central tenet of its sustainability strategy.

L'Oréal is also going a step further by moving towards responsible production methods, driven by the policies set out hereafter.

4.6.2.1 Circular packaging policy

L'Oréal has an eco-design policy for its packaging, which is overseen by the Sustainable Packaging Department and is approved by General Management. The Group applies the "reduce, replace and recycle" principle (the 3Rs) for each product launch:

- reduce: make packaging smaller and lighter;
- replace: use alternatives, such as recycled or low-carbon impact materials; and
- recycling: design packaging compatible with recycling circuits.

The Group systematically uses the SPOT eco-design process when developing new products (see section 4.4.3.3).

The packaging policy aims to:

- reduce the intensity of the packaging used for its products compared with 2019;
- use recycled or biobased plastics for the Group's plastic packaging;
- use plastic packaging that is refillable, reusable, recyclable or compostable.

4.6.2.2 Research & Innovation policy to redesign formulas using lower environmental footprint ingredients

L'Oréal is aiming to increase the proportion of ingredients that are biobased, derived from abundant minerals or from circular processes. Use of these types of ingredients and processes, as well as the development of formulas with biodegradable materials, are a priority. This ambition is in line with the R&I policy described in section 4.3.2.

4.6.2.3 Using the EHS policy to reduce waste generation

As part of its EHS policy, L'Oréal is striving to ensure that its sites reduce and recycle waste (see section 4.3.2.1). The sites operated by L'Oréal produce various types of waste, ranging from packaging waste (cardboard, plastic and metal) to waste generated during the manufacturing and packaging processes, including sludge from wastewater treatment plants. In addition to this industrial waste, they also generate waste from office activities and, to a lesser extent, specific waste from laboratory activities. Each site is aiming to recycle or reuse 100% of the waste it generates and reduce waste production by 30% compared to 2019, within the broader ambition of zero waste to landfill.

4.6.3 Action plans in place

4.6.3.1 Action plans for circular packaging

The Group has four different aspects to its action plan aimed at reducing the environmental impact of its packaging: reducing intensity, using recycled materials, promoting circular formats and developing collection and recycling channels.

4.6.3.1.1 Reducing packaging intensity

L'Oréal is working on reducing the weight and volume of packaging so as to diminish its impact. Every year, new initiatives are launched to optimise the use of materials in existing products by making them lighter.

L'Oréal is also speeding up the development of refillable formats: it encourages innovation to offer more refill systems, whereby consumers can reduce the use of resources.

4.6.3.1.2 Using recycled or biobased materials for plastic packaging

L'Oréal is striving to gradually eliminate the use of fossil-based virgin plastics in its packaging. To achieve this, the Group is working with its packaging and recycled plastics suppliers, ensuring that the supply chain complies with its social and environmental standards:

- social audits: suppliers of recycled plastics located in high-risk countries are subject to social audits to verify that they are compliant with Group standards;
- ethical commitment: recycled plastics producers sign a Mutual Ethical Commitment Letter, confirming that they respect shared environmental and social criteria.

L'Oréal is also working to replace some fossil-based virgin plastics with sustainable alternatives, such as composite and biobased materials. Many of the Group's brands now use packaging that contains a significant proportion of recycled materials, including plastic, glass, paper and aluminium.

In addition, the Group is also a member of the Ellen MacArthur Foundation's The New Plastics Economy, which aims to apply circular economy principles to plastic packaging flows, so that they are reused or recovered rather than thrown away.

4.6.3.1.3 Promoting refillable, reusable, recyclable or compostable packaging

In order to improve recyclability and the reusable offering, the Group is gradually eliminating elements that interfere with recycling, such as certain opaque materials and metal components in plastics. For example, refills are available on the major ranges of plastic bottles.

These initiatives aim to maximise the use of existing packaging and encourage the adoption of circular economy principles in consumer habits.

4.6.3.1.4 Developing collection and recycling channels

L'Oréal works with its partners (governments, suppliers, distributor customers and consumers) to set up collection and recycling channels, particularly in countries where the relevant infrastructure remains underdeveloped.

The Group supports Extended Producer Responsibility (EPR) initiatives that encourage companies to design more sustainable and recyclable products and packaging, while promoting efficient waste management systems.

Shaping the future of sustainable packaging with SPICE

Since 2017, the Group has used SPOT (see section 4.4.3.3) to assess products based on their packaging, formulas and production, thereby optimising their sustainability.

In 2018, in collaboration with the specialist environmental strategy firm Quantis, L'Oréal launched the Sustainable Packaging Initiative for CosmEtics (SPICE) initiative. This project aims to share research and results across the cosmetics industry, with a view to determining common methods for assessing the environmental footprint of packaging. L'Oréal shares its own SPOT packaging methodology through the SPICE initiative.

The www.Open-Spice.com platform is used to monitor research and results, as well as the upcoming work plan. The SPICE initiative now has more than 34 international members and promotes the sharing of best practices to boost sustainability in the cosmetics industry.

4.6.3.2 Action plans for formulas containing circular-based ingredients

L'Oréal is accelerating the circularity of its formulas through three major actions:

- transitioning raw materials: the Group is implementing an ambitious transformation plan, replacing petrochemical-based raw materials with biobased alternatives derived from abundant minerals or circular processes. L'Oréal is actively working to define a framework for ingredients derived from circular processes and is mapping the relevant technologies;
- Green Sciences programme (see chart in section 4.5.3.1.2): the Green Sciences programme is a sustainable innovation programme focusing on developing raw materials using practices that do not harm the soil, water or biodiversity;
- strategic partnerships: L'Oréal is forging alliances with biotech start-ups in France and abroad to speed up the adoption of sustainable and circular solutions in its formulas. The Green Sciences programme covers all the scientific fields on which R&I relies to achieve L'Oréal's objectives in terms of the preservation of natural resources and biodiversity.

4.6.3.3 Action plans to preserve resources and reduce waste at operated sites

4.6.3.3.1 Reducing waste generation at source

L'Oréal is mobilising its entire value chain to reduce waste at source through:

- eco-design of products, packaging and packaging components, aimed at reducing waste and improving recyclability;
- waste mapping: internal tools for analysing waste on operated sites, which are used to push waste reduction action plans;
- optimisation of transport packaging and use of returnable packaging between production facilities and suppliers, to limit supply chain waste;
- continuous process improvement for manufacturing and packing in order to reduce manufacturing waste; and
- managing stock obsolescence to minimise the number of products thrown away, with initiatives including the use of outlets, employee sales and donations to charities.

4.6.3.3.2 Reusing and recycling waste

To target 100% material recovery from waste through reuse and recycling by 2030, L'Oréal has set up:

- waste mapping to identify material recovery opportunities;
- employee training and awareness raising on the need to sort waste at source;
- resource preservation measures, by seeking out reusable or recyclable alternatives;
- partnerships with waste treatment companies to jointly develop recycling solutions for unmarketable products; and
- industrial sludge management under a Group procedure for determining alternative material recovery options.

The 100% reuse and recycling goal is part of the Group's overall circular economy approach, which promotes local waste treatment to reduce environmental impact and create synergies with other local organisations.

4.6.3.3.3 Achieving the "zero waste to landfill" objective

Since 2017, L'Oréal has been pursuing the ambition of "zero waste to landfill" for all its sites (unless required by regulation). The Group works with specialist firms and local authorities to identify the best waste treatment solutions. In countries where landfill is required by law, or where the type of waste in question must be stored in landfill, the Group strives to reduce the quantities involved to the extent possible. L'Oréal monitors regulatory constraints very closely and action plans are in place aimed at achieving zero waste to landfill as quickly as possible.

4.6.3.3.4 Accelerating development of the circular economy

L'Oréal is actively committed to developing the circular economy through:

- the Circular Innovation Fund (CIF): conscious of the growing pressure on natural resources and the global waste crisis, at the end of 2020 L'Oréal set up a global investment fund dedicated exclusively to the circular economy. It aims to finance companies that are innovating in the areas of recycling, plastic waste management and materials from the bioeconomy. The fundraising was completed at the end of 2023, with €111 million raised and 12 co-investors. As the primary sponsor of the CIF, L'Oréal is committed to investing a total budget of €50 million in this Fund;
- the fight against food waste: L'Oréal's company restaurants donate surplus food to non-profits such as Restos du Cœur and Le Chaînon Manquant, with 4,420 meals donated in 2024 and 1,109 meals sold to Group employees via "too good to go" type platforms, helping to reduce food waste;
- awareness-raising and sustainable practices: L'Oréal promotes environmentally conscious eating practices to its employees in company restaurants, by recovering 100% of food waste and adapting the quantities served. For example, the Paris sites have launched initiatives to reduce the use of plastic and recover cooking oil by transforming it into biofuel, earning external *Mon restau responsable* certification.

4.6.4 Resource use and circular economy-related outcomes

4.6.4.1 Outcomes related to resource inflows (E5-4)

Key performance indicator	2024 outcomes
Overall total weight of products and technical and biological materials used during the reporting period – primary and secondary packaging	306,477 tonnes
Overall total weight of products and technical and biological materials used during the reporting period – formulas	1,203,544 tonnes
Percentage of total weight of ingredients that are biobased and from sustainable sources	18%
Percentage of total weight of packaging materials that are biobased and from sustainable sources	11%
Weight of recycled packaging components in absolute terms	78,375 tonnes
Weight of recycled packaging components as a percentage	26%

4.6.4.2 Outcomes related to resource outflows (E5-5)

Key performance indicator	2024 outcomes
Percentage of recyclable content in packaging	53%
Total amount of non-recycled waste	50,462 tonnes
Percentage of non-recycled waste	31%

2024 outcomes in tonnes	Total waste	of which hazardous	of which non-hazardous
TOTAL WASTE	**164,938**	**23,373**	**141,565**
Recovered waste:	**156,907**	**18,902**	**138,005**
Waste recovered through preparation for reuse	4,699	1,597	3,102
Waste recovered through recycling	109,777	3,575	106,203
Waste with other recovery operations – energy recovery	42,430	13,731	28,699
Waste directed to disposal:	**8,032**	**4,471**	**3,561**
Waste disposed of by incineration	7,222	4,398	2,825
Waste sent to landfill	810	74	736
Waste disposed of by other disposal operations	-	-	-

4.7 Own workforce (S1)

4.7.1 Background

By putting people at the heart of its organisation, L'Oréal aspires to create an inspiring, innovative and inclusive working environment where all employees can thrive and at the same time contribute to the Group's sustainable growth.

The human relations (HR) policies L'Oréal has been implementing for many years support this ambition, built around two priorities: (i) care for the development of each employee through ongoing training, stimulating career paths and, for some, international opportunities; and (ii) a unique social model that combines competitive social benefits and sharing the fruits of growth.

Against this backdrop, and with a view to meeting the challenges of a world undergoing profound change, which are having an impact on both the organisation of work and attitudes towards it, the Group has for a long time been taking steps to prevent and anticipate the associated risks. It offers employees[1] an attractive, dynamic and secure environment in which to develop.

This section specifically addresses the material issues, policies, action plans and outcomes related to L'Oréal's employees, with a focus on working conditions, well-being and diversity, equity and inclusion, on which the Group's people model is founded.

(1) This section covers all L'Oréal employees, including non-active employees (in particular those on long-term sick leave, notice of departure, early retirement, extended unpaid leave), as well as interns and apprentices, who are considered according to their status under local law.

4.7.1.1 Material impacts, risks and opportunities related to own workers

	Description	Subtopics	Policy	Action plans
WORKING CONDITIONS				
I- ST	L'Oréal recognises the importance of constructive social dialogue for fostering a calm and fulfilling working environment. Insufficient social dialogue could give rise to tensions and affect the workplace environment, leading to a negative impact on employee well-being and the company's performance.	**Social dialogue** **Freedom of association** **Collective bargaining**	Employee Human Rights policy	Respecting social dialogue, freedom of association and collective bargaining
I- ST	L'Oréal recognises that poor working conditions or inadequate wages could have a negative impact on employee physical and mental well-being, as well as motivation.	**Adequate wages**	Employee Human Rights policy Share & Care Code of Ethics	Commitment to adequate wages for all employees
I- ST	L'Oréal recognises that poor working conditions can pose a risk to the health and safety of its employees.	**Health and safety**	EHS policy	Ensuring occupational health and safety
I+ MT/LT	By promoting an inclusive, fair and fulfilling working environment, L'Oréal can have a positive impact on its employees' lives. It strives to improve employee well-being, strengthen their sense of belonging and create a positive, high-performance working environment.		Share & Care	Ensuring all eligible employees are covered
EMPLOYEE WELL-BEING AND RETENTION				
I+ MT/LT	By promoting work-life balance and investing in its employees' skills development and employability, L'Oréal can create a fulfilling and stimulating working environment. This approach fosters employee well-being, satisfaction and loyalty while preparing them for the future challenges facing both the Group and society as a whole.	**Work-life balance** **Training and skills development**	Share & Care HR policy	Promoting work-life balance Training employees, developing their skills and employability
DIVERSITY, EQUITY AND INCLUSION				
I- ST/MT	L'Oréal strives to offer its employees a safe and respectful working environment, where everyone feels protected from all forms of violence and harassment. L'Oréal recognises that a lack of concrete and effective measures to deal with such situations could create a harmful working environment which negatively impacts employee well-being and mental health (stress, anxiety, depression, and even traumatic disorders), as well as performance and personal fulfilment. Similarly, a lack of diversity, equity and inclusion could lead to risks of inequality and discrimination, including gender pay gaps and low accessibility. This could have an impact on employees' access to employment and career opportunities, professional development, well-being and engagement.	**Diversity** **Gender equality and equal pay for work of equal value** **Employment and inclusion of persons with disabilities** **Measures against violence and harassment in the workplace**	Diversity, equity and inclusion policy HR Policy Employee Human Rights policy Code of Ethics	Promoting diversity, equity and inclusion at all levels of the Company Achieve equal pay for work of equal value Ensuring respect for human rights in the workplace
I+ ST/MT	By providing an inclusive, fair and fulfilling working environment, L'Oréal can have a positive impact on its employees' lives. Built on strong ethical principles, such a working environment could ensure the physical and psychological safety of all employees, thereby fostering mutual trust and respect. The Group encourages diversity across its teams, which stimulates innovation and creativity. In addition, L'Oréal's policy is to offer equal career opportunities for all, and prohibits any discrimination related for example to gender, gender identity and sexual orientation, disability, age, political and philosophical opinions, religious beliefs, trade union membership, ethnic, social, cultural or national origins and any other discrimination prohibited under national legislation.			

○ *IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.*
□ *Time horizon: ST = short term; MT = medium term; LT = long term.*

4.7.1.2 Global strategy for an attractive, dynamic and safe working environment

Fundamentally committed to workplace innovation, an integral part of its DNA, L'Oréal is continually transforming its working methods and management culture. Taking care of employee well-being and employability enhances commitment, which in turn strengthens collective performance. Through a range of ambitious policies, L'Oréal has raised employee social protection to the highest standards (e.g., ILO standards) in more than 60 countries.

Human relations are governed by the Chief Human Relations Officer, who reports to the Chief Executive Officer. Human relations governance is responsible for defining an appropriate action plan and ambitions. Effective application of the human relations (HR) policy is monitored regularly through performance indicators, which are audited on an annual basis. The Board of Directors, especially through the Human Resources and Remuneration Committee, oversees the implementation of the HR policy, including employee relations, recruitment, diversity, talent management and the remuneration of senior executives.

The HR teams play a key role in transforming working methods and in recruiting and supporting employees throughout their career, with a clear emphasis on training and skills development.

L'Oréal ensures that all of its employees understand the Group's rules and principles. All new employees receive a copy of the Code of Ethics and must confirm that they have read it.

Lastly, the Group has set up various channels that employees can use to raise concerns or report breaches of Group policies in complete confidence. These include the reporting line, the Speak Up platform (see section 4.13.2) – a secure, anonymous website with a system on hand around the clock and available in 30 languages (www.lorealspeakup.com), and the network of designated people authorised to receive reports. Employees are informed of the existence of the Speak Up programme, in particular through an e-learning course on ethics and human rights that is available and compulsory for all of the Group’s new hires, as well as through awareness-raising initiatives such as the annual Ethics Day. These mechanisms are designed to ensure fair and confidential treatment and protection from retaliation in compliance with national legislation in the countries where the Group operates. Any allegations expressed in good faith are examined in detail and adequate remediation measures are taken, if applicable.

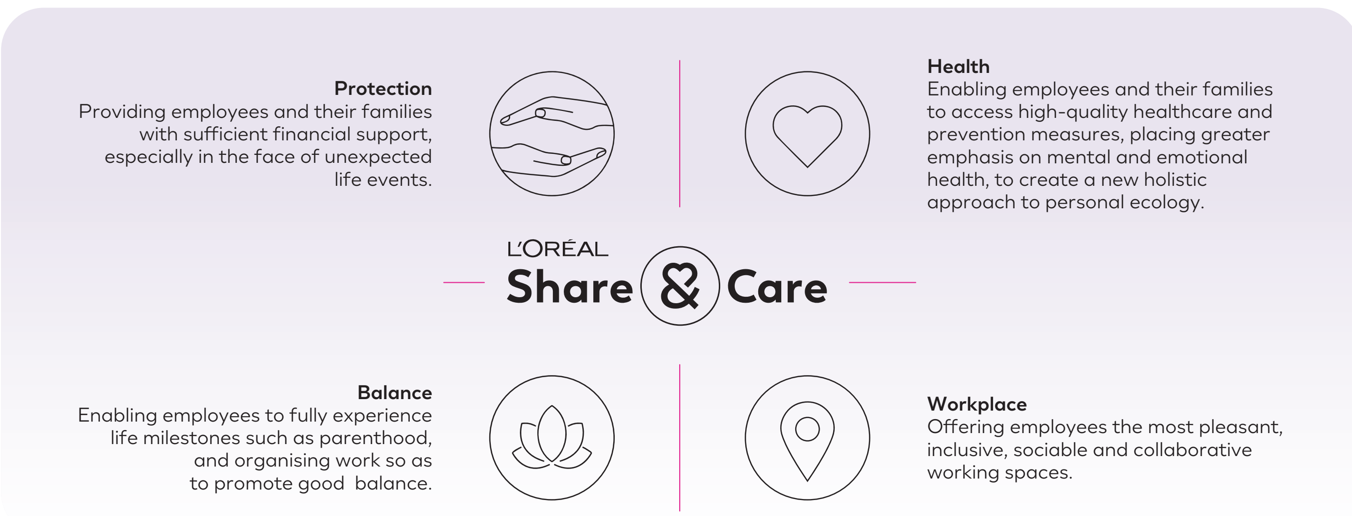
4.7.1.2.1 Share & Care programme: developing social innovation

Created in 2013, Share & Care aims to provide high-quality social protection for employees, ensure their health, encourage their professional and personal development, and create an attractive working environment. L'Oréal firmly believes that sustainable growth and a strong social performance go hand in hand, and has therefore decided to apply its workplace model throughout the Group.

Its ambition is threefold:

- ensuring a common basis of social protection with minimum guarantees in all subsidiaries;
- being an employer of choice in each market, aligning with local best practices where they exceed the common standard; and
- transforming each subsidiary into a "social innovation laboratory" that encourages local initiatives.

The programme is built on four pillars: social protection, health, work-life balance and the working environment, and is regularly updated to keep pace with societal developments and evolving employee needs.



4.7.2 Information on working conditions

4.7.2.1 Policies

4.7.2.1.1 HR policy in the area of social dialogue, freedom of association and collective bargaining

L'Oréal is committed to respecting its employees' human rights in line with international standards, drawing inspiration from the Universal Declaration of Human Rights, ILO conventions, OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. As a signatory of the United Nations Global Compact since 2003, the Group places these commitments at the heart of its HR policy.

L'Oréal is careful to ensure that social dialogue, freedom of association and the right to collective bargaining are respected across the Group. The Executive Director of Labour Relations and Social Innovation, who reports directly to the Chief Human Relations Officer, oversees this policy by ensuring:

- elections to employee representation bodies are organised without interference;
- workers' representatives have access to work premises and employees, subject to confidentiality and safety; and
- alternative forums for dialogue are available in countries where freedom of association is restricted, since L'Oréal prohibits any discrimination[1] related to union activities.

The Group organises events such as the annual Ethics Day alongside regular town halls to encourage discussion, experience sharing and feedback. In addition, an annual PULSE survey is carried out, collecting feedback from employees on their experience working for the Group so that it can be improved.

L'Oréal ensures that workers' representatives can operate effectively in all of its host countries, even where union rights are limited. The Group maintains dialogue with workers' representative bodies in the majority of its subsidiaries in Europe, Asia, Africa and the Americas.

Since 1996, a collective bargaining agreement has been in place between L'Oréal and the European trade unions. This led to the creation of the European Works Council, which has 30 members representing 26 countries. This body provides a platform for ongoing dialogue with General Management regarding the Group's challenges.

4.7.2.1.2 Living wage policy

L'Oréal guarantees that all employees are paid a minimum wage in accordance with local laws and collective bargaining agreements. It also ensures that salaries are living wages and cover basic needs linked to housing, healthcare, food and education. This commitment was made within the framework of the Employee Human Rights policy in 2020, and reiterated in the Share & Care programme.

4.7.2.1.3 Health and safety policy

L'Oréal's environment, health and safety policy is an integral part of its EHS strategy (see section 4.3.2). L'Oréal aims to develop a culture of safety throughout its value chain, making the health, safety and well-being of employees and suppliers non-negotiable priorities.

Managers and employees all play an instrumental role in devising and implementing action plans to manage risks and continuously improve results. Responsibility for implementing the policy lies with the Group's subsidiaries and sites, which helps to ensure that risks are effectively prevented for employees. Further information on the policy's governance is presented in section 4.3.2.

4.7.2.2 Action plans

4.7.2.2.1 Respecting social dialogue, freedom of association and collective bargaining

L'Oréal takes care to ensure that employees' rights to social dialogue, freedom of association and collective bargaining are respected. Each year, collective bargaining agreements are signed with workers' representatives. In addition, L'Oréal carries out audits and verifications to ensure that working conditions respect these fundamental rights. In 2024, 30 industrial sites underwent a human rights (including freedom of association) audit by expert external auditors. In the event of non-compliance, a remediation plan is put in place and the site is audited again in the following weeks or months by the same specialist independent external auditor.

4.7.2.2.2 Living wages for employees

L'Oréal regularly conducts an in-depth review of its wage policy to ensure that its employees' salaries are living wages. In 2024, for the second year in a row, the Group was certified globally by the NGO Fair Wage Network[2] as a "Living Wage Employer", demonstrating that its employees are paid more than the living wage defined for each country. This commitment includes an annual inflation review and, where necessary, an adjustment is applied to align wages with the local cost of living. The certification is valid until 16 December 2025 inclusive.

4.7.2.2.3 Ensuring occupational health and safety

L'Oréal's vision aims for a zero-accident environment, as the Company firmly believes that all accidents can be avoided. Its goal for 2030 is to have an Enlarged Total Incident Rate (eTIR) of less than 0.6 at its operated sites. To achieve this ambitious target, L'Oréal is focusing on the following priorities:

- transparent reporting on accidents, ensuring psychological security: this enables L'Oréal to learn continuously from all incidents and near misses, to monitor injuries and illnesses, and to involve its teams at all levels of the organisation in proactively improving safety;
- regular updates to risk assessments through audits (see section 3.5.5.2) and implementing the most demanding standards and best practices. L'Oréal strives to reduce risks and minimise the potential impact of any incident, focusing particularly on risks with the most serious consequences. Risk analysis is carried out using tools such as the Global Hazard Assessment Procedure (GHAP) and the Safety Hazards Assessment Procedure (SHAP);

(1) *L'Oréal prohibits any discrimination related to gender, gender identity and sexual orientation, disability, age, political and philosophical opinions, religious beliefs, trade union membership, ethnic, social, cultural or national origins and any other discrimination prohibited under national legislation.*

(2) *International NGO which provides the Group with a database on living wages in 200 countries, and assists it with the strategy for implementation by the Operations division as regards strategic suppliers.*

- definition and annual adjustment of specific action plans to keep the rate of recordable work-related accidents below 0.6 by 2030. If every accident is one too many, this objective will lead the Group to reduce its number of accidents by almost 50%. This remains an ambitious target, given the efforts already made in this area in recent decades, but also avoids the pitfall of a possible lack of transparency in the context of a zero-accident objective;
- visible involvement of management at all levels (see section 4.3.2) through steering committees and reviews of safety improvement opportunities (SIO), which are a chance for employees to inform their direct managers of situations considered to be at risk so that remedial measures can be taken, or the use of the MESUR (Measuring Effectively Safety Using Recognition) tool, a programme based on systematic and structured meetings between line managers and employees to develop employees' ability to identify risks in the course of their daily activities along with their capacity to act on those risks. The programme is based on regular visits by two managers, one responsible for the sector and the other for the person visited. The site manager is responsible for implementing the MESUR programme, while the EHS manager is responsible for monitoring the programme and certifying the managers making the visits. Managers at all levels and in all departments can carry out MESUR visits. Application of the programme is assessed during L'Oréal's risk culture audits and forms the basis of a continuous improvement cycle;
- targeted programmes to reduce frequent incidents, including, among others, the LIFE programme (Life changing Incidents or Fatality Events), which targets activities which, if not controlled, could lead to a potentially serious accident, Safe@Work-Safe@Home, which aims to export L'Oréal's health and safety culture outside the Group, and Road Safety, which applies a strategy and assessment system that provides a holistic approach to road risks;
- compliance with Group standards and local regulations;
- specific training programmes for managers, EHS managers, operators and employees;
- continuous improvement of Health and Safety management systems, which are permanently updated by an intricate combination of feedback from governance audits, certification audits and IT audits, experience of accidents and near misses, and discussions with EHS teams, all at Group, Zone and site level. In 2024, a new EHS culture roadmap was put in place to assess the safety culture at each operated site and research centre against L'Oréal's guidelines and objectives. The roadmap consists of a six-pillar approach covering elements such as employee participation and management involvement in EHS. At the same time, the LIFE programme has been updated to keep pace with changes in the Group's guidelines and management systems. This programme is designed to manage the most material health and safety risks associated with L'Oréal's activities. Finally, as part of the continuous improvement cycle, the LIM (L'Oréal Incident Management) tool was launched, consolidating reports and lessons learned from accidents and near misses at all Group sites;
- active employee involvement in risk prevention;
- sharing of feedback and best practices between sites; and
- ISO 45001 certification covering 97% of manufacturing facilities, with a recommendation to have all sites certified. Certification demonstrates the ability of the Group's plants to implement a robust Health and Safety management system throughout their operations.

Beyond the numbers, L'Oréal works to maintain a genuine safety-first culture built on proactive risk management, a commitment to excellence and best practice sharing, both inside and outside the Group. In-depth incident analysis of incidents using the Root Cause Analysis (RCA) method is a key pillar of this commitment, with a detailed investigation carried out into every accident and serious incident. A Safety Awareness Communication alert is subsequently shared at Group level to ensure that such incidents do not occur again.

L'Oréal applies stringent control standards tailored to the type of risk at hand, and ensures that the appropriate prevention tools are used to guarantee its employees' safety.

To maintain its high-performance culture, L'Oréal uses an internal global reporting tool to monitor various metrics. The tool centralises all EHS data, including accidents as well as environmental and quality metrics. The tool is updated each month and the metrics rigorously monitored through an audit programme covering health and safety risk and culture, which is described in section 4.3.2.1.

4.7.3 Information on employee well-being and retention

4.7.3.1 Policies

4.7.3.1.1 Work-life balance policy

L'Oréal places great emphasis on work-life balance through its Share & Care programme (see section 4.7.1.2.1). The aim is to enable all employees to enjoy major life events to the full while fostering a harmonious working environment. To achieve this objective, L'Oréal strives to:

- grant maternity, paternity, adoption and caregiving leave; and
- offer flexible working arrangements to improve work-life balance.

4.7.3.1.2 Training and skills development policy

L'Oréal firmly believes that collective success is driven by individual skills. It therefore offers employees training throughout their careers to help them evolve in a constantly changing environment. This policy, which is one of the components of the human relations policy, pulls on two levers:

- encouraging employees to take responsibility for their own training and development; and
- providing a personalised training experience, enabling employees to acquire and strengthen key skills.

The People Development & Learning department organises an annual series of strategic meetings with global, regional and local teams to identify priority skills and develop appropriate training programmes, which are then rolled out by human relations teams at the local level.

Actions are deployed to ensure the policy is being implemented satisfactorily and objectives are being achieved. These include two business reviews a year with the dozen largest countries, and a "Must-do dashboard" measuring the percentage of completion of the programmes identified. The policy is communicated to the People Development and Learning team and to the HR Leads in each country (via an initial e-mail giving details on metrics and a second e-mail dealing with budget plans and follow-up).

4.7.3.2 Action plans

4.7.3.2.1 Promoting work-life balance

To help employees achieve a work-life balance, L'Oréal has implemented a number of measures to enable them to balance their career with major events in their personal lives. These measures include:

- at least 14 weeks' maternity/primary parent leave;
- "Schueller leave" (in France), which extends maternity (or primary parent) leave to 20 weeks, including four additional weeks where the company provides full pay. This leave can be taken in full when the baby is born, or in shorter periods up until the child's third birthday. The same applies to adoption leave;
- at least six weeks' paternity/secondary parent leave;
- at least one day of paid leave per year for family events (marriage, bereavement, etc.);
- at least three days of paid leave for caregivers;
- option to work remotely for up to two days a week subject to agreement with line management and provided it is compatible with team organisation.

These measures aim to support employees at each major event in their lives, with minimum guarantees in place for maternity, paternity and co-parenting leave, which are valid in all countries where L'Oréal operates. To be eligible for these benefits, employees must have an indefinite-term employment contract or a temporary employment contract with the Group for a term of at least 12 consecutive months.

4.7.3.2.2 Training employees and developing skills

L'Oréal's training activities are built around three main areas:

1. **offering training that is essential for the Group's development**: known as "Job Musts", these training programmes are compulsory for employees taking up new positions. They ensure that all employees are equipped with the same foundations and methods, so that skills are aligned throughout the Group;
2. **equipping employees with the skills of tomorrow**: the aim is to enable employees to adapt to the transformations taking place in society, particularly in areas such as generative artificial intelligence, data and sustainability. These training courses are offered through L'Oréal University, which all employees have access to; and
3. **providing personalised training:** as part of the CONNECT process, employees meet regularly with their manager to set objectives and assess their progress. Supported by the new centralised ONE LEARNING platform, this personalised approach allows all employees to build a development plan that is tailored to their own needs and aspirations.

In addition to these personalised training programmes, the training teams carefully monitor employee participation in compulsory training courses using specific dashboards and e-mail reminders.

4.7.4 Information on equal treatment and opportunities

4.7.4.1 Policies

4.7.4.1.1 Diversity, equity and inclusion policy

The Group sees diversity as an invaluable asset and a contributor to strong social and economic performance, and strives to create teams that reflect the diversity of its consumers, as well as a fair and inclusive working environment for all its employees.

The Global Chief Diversity, Equity & Inclusion Officer, who reports directly to the Chief Human Relations Officer, draws up the strategy and sets the policy's major objectives. A network of diversity, equity and inclusion Leads in each country, business and Division ensures that the policy is applied and adapted to local contexts.

The Group monitors the effectiveness of diversity, equity and inclusion initiatives through annual reviews based on specific indicators and the results of internal surveys such as the Pulse Self-ID[1], enabling the measures to be adjusted where necessary.

The diversity, equity and inclusion policy is built around four main themes:

- socio-economic and multicultural diversity: promote and increase socio-economic and multicultural diversity in the Group's teams;
- physical, mental and social well-being: facilitate the inclusion of people with disabilities, by addressing both visible and invisible disabilities, mental health, chronic illnesses and neurodiversity, with a minimum target for the number of employees with disabilities in all countries;
- age and generations: value and take into consideration people of all ages and generations; encourage dialogue and cooperation among employees of different generations;
- gender equity and LGBTQIA+ inclusion: achieve gender parity across the company; contribute to the establishment of more inclusive environments in favour of the LGBTQIA+ communities worldwide; act against any type of harassment or violence, particularly sexism, sexual harassment and gender-based violence.

Recognition for the Group's diversity, equity and inclusion policy

L'Oréal's concrete commitments to diversity, equity and inclusion, have been recognised in several international indices and rankings, including the FTSE Diversity & Inclusion Index 2024 Top 100 and the 2024 Equileap Gender Equality Global Report & Ranking. The Group has also won recognition for its commitment to the inclusion of persons with disabilities, with L'Oréal being named a "Best Place to Work for Disability Inclusion" in several countries in the 2024 Disability Equality Index.

4.7.4.1.2 Equal pay HR policy

L'Oréal carries out a quantitative analysis of gender pay gaps in its aim to achieve equal pay. The Chief Human Relations Officer oversees this analysis, which is shared each year with the Human Resources and Remuneration Committee, the Board of Directors and the HR Directors of the different Zones.

L'Oréal aims to limit unjustified gender pay gaps to within a range of 5% above and below.

As different countries legislate on equal pay for men and women, the Group anticipates and analyses the various requirements in order to determine the most ambitious practices applicable to all countries.

4.7.4.1.3 Human rights policy: no violence or harassment in the workplace

In line with its human rights policy, which is based on the OECD Due Diligence Guidance for Responsible Business Conduct (see section 4.9.2.1) and on the Code of Ethics, L'Oréal is committed to providing its employees with a safe and respectful working environment. To do so, the Group:

- aims to eliminate all forms of violence and harassment in the workplace, including sexual, psychological and physical harassment, as well as discrimination and intimidation;
- undertakes to prevent violence and harassment by raising employee awareness of such issues and creating a corporate culture based on mutual respect; and
- strives to ensure that all complaints of violence and harassment are dealt with diligently, confidentially and impartially (see the Speak Up programme in section 4.13.2.1).

L'Oréal's ultimate aim is to foster a working environment where everyone feels safe, respected and valued. The annual "Pulse" survey features 50 questions for employees on various topics of the human rights policy and enables L'Oréal to assess how well this policy is being applied. The Group encourages its employees to report any acts of violence or harassment and undertakes to protect them from any form of retaliation.

(1) *Pulse Self-ID: optional "self-identification" questions included in the Pulse annual employee survey, as an anonymous opportunity for employees to share the way they identify.*

4.7.4.2 Action plans

4.7.4.2.1 Turning our differences into opportunities

L'Oréal aims to promote diversity, equity and inclusion at all levels of the company:

Socio-economic and multicultural diversity:

- diversifying sources of recruitment, with the annual objective of recruiting at least 20% of talent under the L'Oréal SeedZ Management Trainee Programme from non-partner schools and universities as part of the L'Oréal for Youth programme;
- educating employees about socio-economic and multicultural diversity and combatting racism, in particular through dedicated online training; and
- helping refugees find work by offering employee mentoring opportunities and participating in job fairs for refugees.

Disability and physical, mental and social well-being:

- working with specialised partners to employ persons with disabilities, with the objective of them representing 2% of the Group's workforce by 2025 (see section 4.7.5.5);
- supporting employees who have suffered accidents, illness or worsening disability;
- raising employee awareness and providing relevant training to create an inclusive working environment, while encouraging employees to inform the Group of any disabilities so that their work stations and working conditions can be appropriately adapted;
- improving workplace and digital accessibility through specific guidelines and training; and
- working with associations, NGOs and experts, as well as the sheltered employment sector, to improve the inclusion of people with disabilities.

Age and generational diversity:

- combatting age-based stereotypes through awareness-raising and training initiatives;
- creating a fulfilling working environment for all generations, from day one through to retirement, thanks to the L'Oréal For All Generations programme which is being gradually rolled out;
- raising awareness about menopause.

Gender equity and LGBTQIA+ inclusion:

- achieving gender equity, with an annual target of maintaining at least 40% women or men in strategic positions[1] (see section 4.7.5.3);
- rolling out an anti-domestic violence policy at all Group entities, as part of the Share & Care programme;
- encouraging external gender equality certification (GEEIS[2] and EDGE[3]); and
- running awareness-raising campaigns on the inclusion of LGBTQIA+ people in the workplace.

Training is a key pillar of the Group's diversity, equity and inclusion policy. L'Oréal offers a wide range of in-person and online training courses to its employees. The modules cover topics such as inclusive leadership, with a number of them forming part of specific training programmes (onboarding, marketing, HR, etc.).

4.7.4.2.2 Equal pay for work of equal value

The Group has rolled out a number of measures to achieve equal pay and reduce pay gaps, including:

- application of a standard method for calculating pay gaps;
- support for local HR teams in analysing pay gaps and implementing corrective action to eliminate them and prevent them from reoccurring.

4.7.4.2.3 Ensuring respect for human rights in the workplace

To ensure respect for human rights and combat harassment and discrimination, L'Oréal:

- formally prohibits all forms of violence and harassment. Such behaviour is not tolerated under any circumstances, and may result in disciplinary action;
- educates employees through awareness-raising campaigns and training courses on harassment. Special attention is paid to beauty advisors, who are often more exposed to this type of risk;
- makes sure that clear, accessible and confidential reporting procedures are in place (see section 4.13.2.1);
- ensures that complaints are handled rigorously and confidentially. A specific process ensures that an appropriate response is provided for each situation; and
- takes appropriate disciplinary action against anyone who commits an act of violence or harassment.

(1) *Around 300 positions, including Executive Committee members.*
(2) *Gender Equality European & International Standard.*
(3) *Equity, Diversity and Gender Equality Certification.*

4.7.5 Outcomes

4.7.5.1 Characteristics of the undertaking's employees (S1-6)

To better understand the changes in characteristics of L'Oréal's workforce, it is important to note a change in the method of calculation in 2024 compared to previous years.

L'Oréal previously published information regarding its statutory workforce, which included all active employees, i.e., those with contracts (permanent or temporary, full-time or part-time). Employees on leave (including long-term sick leave, notice of departure, early retirement, extended unpaid leave) were not included for the period under review. Interns and apprentices, in training as part of their schooling, were not included in the calculations. For comparison purposes, the statutory headcount for 2024 is published in note 5.1 to the consolidated financial statements (see section 5.6).

All the indicators below comply with the new Corporate Sustainability Reporting Directive (CSRD), which specifies that the workforce reported shall include all people with an employment relationship with L'Oréal, whether they are active or not.

The use of the results may be restricted in order to comply with public order provisions.

L'Oréal has therefore included in the workforce indicator employees on long-term sick leave, early retirement, unpaid leave and interns/apprentices if they are considered to have an employment relationship with the company in their respective countries.

TABLE 1: INFORMATION ON WORKFORCE BY GENDER

Gender	Number of employees (workforce)
Male	30,222
Female	64,590
Other	47
Not reported	164
TOTAL EMPLOYEES	**95,023**

TABLE 2: NUMBER OF EMPLOYEES IN COUNTRIES WHERE THE UNDERTAKING HAS AT LEAST 50 EMPLOYEES REPRESENTING AT LEAST 10% OF ITS TOTAL NUMBER OF EMPLOYEES

Country	Number of employees (workforce)
France	17,777
United States	13,577
China	15,746

TABLE 3: INFORMATION ON EMPLOYEES BY TYPE OF CONTRACT AND BY GENDER

Number of employees (workforce)	Women	Men	Other	Not reported	Total
Number of permanent employees (workforce)	50,249	25,819	42	155	76,265
Number of temporary employees (workforce)	14,341	4,403	5	9	18,758
Number of non-guaranteed hours employees (workforce)	332	178	0	0	510

Key performance indicator	2024 outcomes
Total number of employees who have left the company	9,862
Employee turnover	12.9%

4.7.5.2 Collective bargaining coverage and social dialogue (S1-8)

	Collective bargaining coverage	Social dialogue
Coverage rate	Employees in the European Economic Area (EEA) (for countries with more than 50 employees representing over 10% of total employees)	Workplace representation (EEA only) (for countries with more than 50 employees representing over 10% of total employees)
0%-19%		
20%-39%		
40%-59%		
60%-79%		
80%-100%	Total European Economic Area, France	France

4.7.5.3 Gender and age distribution of employees (S1-9)

Key performance indicator	2024 outcomes
Gender distribution in number and percentage at top management level	
Number of men in key strategic positions (including the Executive Committee)	162
Number of women in key strategic positions (including the Executive Committee)	154
Percentage of women in key strategic positions (including the Executive Committee)	49%
Distribution of employees by age group	
Total employees aged under 30	23,332
Of which total employees aged under 16	0
Total employees aged 16 to 18	6
Total employees aged 30 to 50	56,406
Total employees aged over 50	15,285

4.7.5.4 Adequate wages (S1-10)

Key performance indicator	2024 outcomes
All of the Company's employees are paid an adequate wage	100%

4.7.5.5 Persons with disabilities (S1-12)

Key performance indicator	2024 outcomes
Percentage of employees with disabilities	2.1%

4.7.5.6 Health and safety metrics

4.7.5.6.1 Health and safety metrics required by ESRS S1-14

Key performance indicator	2024 outcomes
Percentage of own workforce covered by the company's health and safety management system based on legal requirements or recognised standards or guidelines	100%
Number of fatalities as a result of work-related injuries and work-related ill health	0
Number of recordable work-related accidents[1]	285
Enlarged Total Incident Rate (eTIR)[1]	1.46

(1) This metric does not include workdays lost owing to commutes and first aid accidents.

4.7.5.6.2 Other health and safety metrics specific to L'Oréal

Lost Time Injury Rate (LTIR)[1]	0.79

(1) These objectives are presented by L'Oréal on a voluntary basis and do not result from any legal obligations.

4.7.5.7 Remuneration metrics (S1-16)

Key performance indicator	2024 outcomes
Gender pay gap, as a percentage of the average pay level of male employees[1] – excluding beauty advisors	2.9%
Gender pay gap, as a percentage of the average pay level of male employees[1] – beauty advisors only	-9.2%
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)[2] by Zone:	
Europe	179
Latin America	67
North America	49
North Asia	70
SAPMENA & SSA	88

(1) Given the high proportion of beauty advisors in the Group's workforce (almost 25%), two pay gap calculations are made: one excluding beauty advisors and one covering beauty advisors only. The beauty advisor population, 90% of whom are women, has the lowest pay levels in the organisation. An adjusted pay gap calculation is also carried out to neutralise any structural variables that may explain gender pay gaps (including the beauty advisor role, but also level of responsibility, seniority, and so on). The adjusted pay gap comes out at 1.6%.

(2) A pay gap ratio by zone is also published, combining emerging and mature countries with a similar cost of living into homogeneous groups.

4.7.5.8 Incidents, complaints and severe human rights impacts (S1-17)

Key performance indicator	2024 outcomes
Total number of incidents of discrimination reported, including harassment	34
Number of complaints reported through Speak Up in accordance with paragraph 2 of S1[1]	23
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	€0
Number of severe human rights incidents connected to the company's workforce	0
Total amount of fines, penalties and compensation for damages for the incidents described above	€0

(1) In particular for working conditions, equal treatment and opportunities for all and other work-related rights, excluding cases already reported in the total number of incidents of discrimination reported, including harassment.

4.8 Privacy and personal data protection (S1/S4)

4.8.1 Background

L'Oréal is committed to privacy and personal data protection, an issue that is all the more crucial in the era of digital transformation and amid increasingly complex regulations globally. This goal is based on the principles of transparency, confidentiality and integrity, inspired by the 1948 Universal Declaration of Human Rights.

In the area of privacy and personal data protection, L'Oréal:

- handles personal data with respect and strives to uphold the trust people place in it;
- uses personal data protection to create value by developing more secure products and services, working with trusted partners and establishing reliable processes;
- develops a global community working on data confidentiality and protection, promoting and sharing this culture throughout the organisation to ensure constant vigilance and a proactive approach.

4.8.1.1 Material impacts, risks and opportunities related to privacy and personal data protection

	Description	Subtopics	Policy	Action plan
R ST	L'Oréal holds personal data on consumers and employees, and is responsible for managing this data in accordance with applicable regulations and protecting it from theft or misuse. Personal data poses regulatory risks, for example legal proceedings or regulatory controls, and risks of fines (such as those provided for by the General Data Protection Regulation (GDPR) in Europe), as well as a reputational risk related to a loss of stakeholder trust.	**Protection of privacy of own workforce** **Consumer privacy**	Data Privacy at L'Oréal policy for the use of personal data relating to employees and consumers Confidentiality policies for employees in all countries Confidentiality policy for consumers	Informing, training, auditing and continuously monitoring compliance with personal data protection standards when processing consumers' and employees' personal data Providing a direct point of contact for data protection queries from employees and consumers

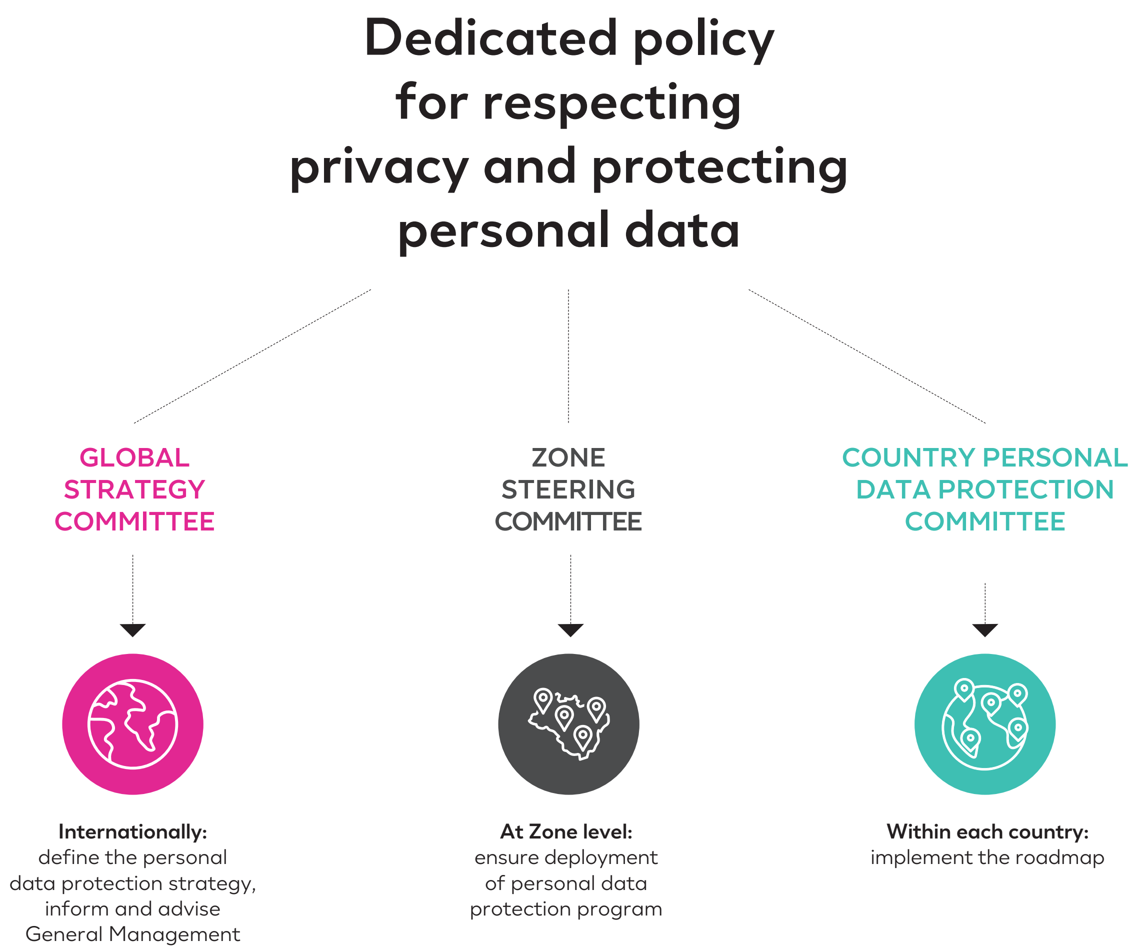
IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
Time horizon: ST = short term; MT = medium term; LT = long term.

4.8.2 Personal data protection policy

L'Oréal undertakes to comply with the laws and regulations applicable in each country in which it operates. The Group's personal data protection policy is based on six main principles:

- developing a people-centric approach: L'Oréal offers innovative products and services with a personalised experience. This may involve the use of personal data to better meet the needs of consumers. L'Oréal is committed to respecting each individual, and has a global data privacy policy which sets out the mechanisms and procedures for responding to users' concerns;
- creating a relationship of trust with employees: L'Oréal handles employees' personal data transparently and in an ethical manner, in accordance with its internal policy, to ensure effective and responsible human resources management. This commitment helps to build a trusting human relations environment;
- demonstrating a commitment to ethics: personal data protection goes far beyond compliance. At L'Oréal, it is also an ethical issue. The Group uses personal data ethically, lawfully and responsibly, and does not collect sensitive information without the consent of the person concerned;
- building lasting trust: L'Oréal firmly believes that trust is essential to building lasting relationships with consumers, employees and shareholders. The Group endeavours to ensure that everyone can maintain control over their personal data;
- involving General Management: supported by dedicated compliance teams, General Management ensures that the personal data protection policy is applied in Group entities; and
- managing risks: L'Oréal recognises that a failure to comply with personal data protection regulations could negatively impact stakeholder trust and harm its reputation. The Group proactively manages these risks in order to prevent any negative impacts.

Implementation of this policy is based on the following governance structure:



L'Oréal has developed a strong, multilayered governance structure to ensure consistent and effective personal data protection around the world. This governance structure plays an important role in implementing the Group's policy and programme:

- the Global Strategy Committee, which includes the Ethics, Risks and Compliance Department, the Legal Department, the Internal Audit Department, as well as the Purchasing, IT, Cybersecurity, Digital and Marketing, Human Relations, Data Governance and Research & Innovation departments. The Committee meets twice a year or as required to analyse risks, provide strategic recommendations to General Management and define the overall data protection strategy;
- the Steering Committee at zone level, which coordinates the implementation of the programme in the Group's different countries, ensures compliance with local legislation, such as the GDPR in Europe, the CCPA in California, the PIPL in China, and the LGPD in Brazil. The Committee ensures that the programme is implemented consistently and assesses the impact of regulatory developments in each zone; and
- the personal data protection committee at country level, which, under the supervision of the country chief executive officer, brings together all stakeholders involved in personal data processing. The Committee ensures that projects comply with personal data protection programme guidelines and plays a key role in raising awareness of the issue.

These governance bodies are supported by a wider community of personal data protection officers and experts who encourage collaboration, share knowledge and ensure consistent application of personal data protection principles worldwide.

4.8.3 Action plans in place

In order to embed privacy and personal data protection ever more deeply in the Group's culture, L'Oréal is rolling out various initiatives:

- adhering to a common framework: L'Oréal has drawn up the 10 Key Points on Personal Data Protection charter and a global GDPR-inspired policy – Data Privacy at L'Oréal – which employees in all countries must adhere to;
- maintaining a network of personal data protection professionals: at every level of the organisation (Group, business, Zone, Country), a dedicated network coordinates and monitors personal data protection compliance;
- rolling out a global programme: L'Oréal has set up a global programme to support employees in the application of personal data protection regulations, including tools and user guides that integrate personal data protection into projects by design;
- regularly reviewing procedures: privacy policies and personal data protection procedures are regularly updated to ensure that they comply with local laws and regulations;
- encouraging supplier compliance: L'Oréal requires its suppliers to comply with personal data protection and cybersecurity standards, supported by certifications and maturity assessments;
- providing training on personal data protection: the Group runs training programmes to inform internal teams of their personal data protection responsibilities, holding regular sessions, workshops, online courses and events;
- conducting controls and audits: L'Oréal conducts internal audits to assess compliance with personal data protection laws and internal policies, and tracks action plans using dashboards. These audits are included in its annual audit plan submitted to General Management and the Audit Committee for approval. The audit plan takes into account the findings of earlier audits and local risk assessments by zone managers and Data Privacy experts; and
- providing a direct point of contact for data protection queries: L'Oréal has set up a dedicated email address that consumers and employees can use to ask questions of Data Privacy Officers regarding the protection of their personal data.

4.9 Human rights in the value chain and affected communities (S2/S3)

4.9.1 Background

This section outlines how L'Oréal manages human rights issues by integrating human rights principles into its practices and making efforts to influence its value chain. L'Oréal's value chain analysis enables the Group to identify potential human rights risks at all levels of its supply chain, including for Tier 1 subcontractors. In the event of human rights issues or incidents, L'Oréal takes a risk-based approach with regard to the supply chain and involves Tier 1 suppliers in the implementation of action plans, as specified in the Vigilance Plan (see section 3.5.4.1). In line with its human rights policy, the Group strives to:

- take human rights issues into account through policies in its conduct as a responsible business;
- identify and assess the main potential and proven negative impacts on workers in the value chain and on affected communities;
- stop, prevent and mitigate breaches of internationally recognised human rights and fundamental freedoms, using a risk-based approach in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and laws such as the French Duty of Care law. In particular, this means working with L'Oréal's stakeholders, especially those directly affected, to resolve situations of risk or harm. L'Oréal also works with peers and other industries to amplify its impact in the short, medium and long term;
- monitor the implementation and results of action plans;
- communicate transparently on how impacts are dealt with; and
- remedy damage using its own resources or in cooperation with other organisations.

The Group is also preparing for the application of the various aspects of the European Corporate Sustainability Due Diligence Directive, aimed at strengthening the protection of human rights and the environment.

4.9.1.1 Material impacts, risks and opportunities related to respect for human rights in the value chain

<table>
<tr><th></th><th>Description</th><th>Subtopics</th><th>Policy</th><th>Action plans</th></tr>
<tr><td>I-
ST/MT</td><td>A potential lack of respect for human rights in the value chain could have negative impacts – for example, breaching the right to education in the case of child labour, inadequate wages and a lack of job security for workers.

L'Oréal may have a potential impact by indirectly contributing to the violation of the human rights of indigenous populations affected by its activities or those of its suppliers. There is a risk that the free, prior and informed consent of indigenous communities is not respected in the supply chain due to potential impacts of deforestation and use of land adjacent to these communities, such as for palm oil and palm oil derivatives.

Maintaining or accentuating discrimination or unconscious bias could impact the fundamental right to non-discrimination, and may have negative consequences for morale, motivation and retention of employees in the value chain. This may apply in particular to beauty advisors, retail employees, customer-facing roles in the downstream value chain and more specifically in the stores or point-of-sales outlets distributing the Group's products, workers in the value chain, suppliers' subcontractors, distribution workers and temporary workers in the upstream or downstream value chain and more specifically on Group sites or when performing an activity on behalf of the Group, as well as workers who may be particularly vulnerable to adverse impacts due to their intrinsic characteristics or a specific context, such as trade unionists, migrant workers, home workers, women and young workers[(1)].</td><td rowspan="3">**Child labour**

Forced labour

Water and sanitation

Social dialogue

Freedom of association

Collective bargaining

Adequate wages

Secure employment

Health and safety at work

Measures against violence and harassment in the workplace

Rights of indigenous peoples</td><td rowspan="3">Human rights policy

Sustainable purchasing policy

Forest policy

Code of Ethics

Living wage commitment</td><td rowspan="3">In-house training in responsible purchasing

Supplier support and assessment

Contractual commitments

Monitoring and complaints

Involvement in coalitions and impact studies</td></tr>
<tr><td>I+
ST/MT</td><td>By promoting adequate wages at its strategic suppliers, L'Oréal could contribute to improving the quality of life, financial security and well-being of workers and their families. This could also help reduce poverty, improve working conditions and strengthen social dialogue. This high-impact action, focused initially on strategic suppliers, could transform the value chain in a positive way in the long term.</td></tr>
<tr><td>R
ST/MT</td><td>Financial risks include the possibility of major disruptions in the value chain, particularly the supply chain, if suppliers fail to respect human rights. Legal proceedings, import bans or the discovery of unethical practices could force L'Oréal to seek new suppliers as a matter of urgency, resulting in additional costs and significant delays. While investing in responsible practices such as the effective implementation of due care or adequate wages may be costly in the near term, it reduces the risk of major and expensive supply chain disruptions in the long term.</td></tr>
</table>

○ *IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.*
□ *Time horizon: ST = short term; MT = medium term; LT = long term.*
(1) *In accordance with the Human Rights Report published in 2024, based on an in-depth study of the L'Oréal Groupe's activities.*

4.9.2 Human rights policies

4.9.2.1 Human rights policy in the value chain

L'Oréal's human rights policy underpins its determination to respect human rights throughout the value chain, which encompasses a wide range of products, supply countries and types of purchase.

The policy is based on the due diligence recommendations set out in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and is built on four core pillars:

- identification of salient risks: L'Oréal continuously identifies and assesses the risks of human rights violations based on the specific geographical, sectoral and operational context of its activities (see section 3.5.4.1). This includes efforts to trace and map value chains, risk monitoring by geographic area, social audits (see section 3.5.5.2), human rights impact studies, feedback through whistleblowing systems and regular engagement with external stakeholders;
- culture of respect: the Group trains its employees, shares best practices and integrates respect for human rights into its values and daily practices;
- stakeholder engagement: L'Oréal engages in active dialogue with its partners, takes their concerns into account and encourages them to set up transparent whistleblowing systems;
- roll-out of transformation action plans: insofar as the workers in the value chain are covered by the human rights policy and their operations by the sustainable purchasing policy, when L'Oréal identifies a human rights violation in its value chain, the Group implements an action plan to put an end to it. In some cases, this may require changing certain practices in the value chain; and
- collaboration: the Group works with other companies, NGOs and international organisations to attempt to find sustainable solutions to systemic human rights challenges.

Special attention is paid to conflict zones, in accordance with international standards.

In particular, L'Oréal recognises the rights of indigenous peoples, as defined by the United Nations Declaration on the Rights of Indigenous Peoples. The Mutual Ethical Commitment Letter (MECL) commits L'Oréal and its suppliers to respecting human rights, including those of indigenous peoples. L'Oréal also supports local communities through projects on the ground related to its value chain. This commitment is pursued through a number of initiatives, including:

- compliance with the principles of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, in line with the Code of Ethics;
- implementation of due diligence procedures on the ground (notably in line with the Group's forest policy) to identify and mitigate environmental and social risks (including for indigenous peoples). These include the "palm alert" procedure and Speak Up, which is communicated to all stakeholders, especially workers in the value chain, and used to report violations.

Dedicated governance for human rights

Human rights matters are the responsibility of the Chief Corporate Responsibility Officer, who reports directly to the Chief Executive Officer. Depending on the issues addressed, other teams, such as human relations and operations including purchasing and R&I may also be involved.

A network of more than 50 human rights correspondents plays a key role in embedding this culture in every Group entity. In addition, various bodies, including a Human Rights Committee for the supply chain, chaired jointly by the Chief Corporate Responsibility Officer and the Chief Operations Officer, met several times to discuss the implementation of the human rights policy and to inform decision-making.

4.9.2.2 Sustainable purchasing policy and forest policy

Purchasing is the responsibility of the Chief Operations Officer, who reports directly to the Chief Executive Officer.

L'Oréal wishes to promote sustainable sourcing and demands high social and environmental standards from its value chain. This commitment covers the two key areas of suppliers' environmental and social performance, including sustainable sourcing of raw materials, particularly from forests, in line with its forest policy.

To this end, L'Oréal promotes diversity, equity and inclusion and sets rigorous ethical standards for its suppliers, covering the protection of human rights and non-discrimination. The Mutual Ethical Commitment Letter is essential to obtaining buy-in from the Group's suppliers. The letter commits suppliers to complying with strict human rights and environmental standards throughout their value chain, including within their own supply chain. Tier 1 suppliers are responsible for monitoring the corresponding measures put in place within their own value chain (see section 3.5).

In particular, L'Oréal expects its suppliers to:

- prohibit child labour: in accordance with the United Nations Convention, L'Oréal prohibits child labour and sets the minimum age for employment at 16;
- ban forced labour: L'Oréal firmly prohibits all forms of forced labour, including the confiscation of documents and non-compliant prison labour;
- ensuring social dialogue and freedom of association: suppliers must guarantee workers the right to associate freely and to bargain collectively without fear of reprisal. In situations or countries where the presence of independent trade unions is limited or discouraged, L'Oréal requires that workers be able, if they so wish, to come together independently to discuss work-related issues or express any concerns they may have;
- pay adequate wages: L'Oréal promotes the right to an "adequate" wage, which is essential for improving working conditions and reducing the risk of child and forced labour. The aim is for all employees of its strategic suppliers to ultimately earn an adequate wage;

- ensure occupational health and safety: L'Oréal requires its suppliers to identify and prevent risks and guarantee safe and decent conditions, with particular attention paid to vulnerable populations. The Group does not have a specific policy to promote long-term employment stability and sustainability for workers in the value chain;
- guarantee access to water and sanitation: all workers must be guaranteed access to drinking water and adequate sanitary facilities. This is enshrined in L'Oréal's Mutual Ethical Commitment Letter and is verified during social audits;
- combat violence and harassment: L'Oréal promotes an inclusive and respectful working environment, free from violence and discrimination, with special attention paid to the most vulnerable populations in the value chain.

These measures reflect L'Oréal's determination to implement sustainable and responsible practices in its value chain.

To ensure that its Tier 1 suppliers comply with the applicable rules, L'Oréal has set up a hierarchy system for non-compliance risks (described in section 3.5.5.2) and adapts the control method according to the level of risk, which may include third-party audits. Special attention is paid to conflict zones, and the risk hierarchy takes into account the type of activity of subsidiaries and the country, sector and nature of the suppliers' operations.

L'Oréal's forest policy reinforces its commitment to responsible sourcing, aiming for 100% sustainable and traceable sourcing. It is aimed at balancing the use of forest resources with respect for human rights and the environment (see section 4.5). With regard to forest areas, L'Oréal strives to create decent working conditions and respect the rights of local communities and indigenous peoples. The Group recognises the right to self-determination of indigenous peoples and ensures that it obtains their free, prior and informed consent for any activity likely to affect their lands and resources. For each field project involving indigenous peoples and/or local communities, a consultation is carried out at the start of the project to ensure that the action plan is fully aligned with the needs of those peoples and communities. The action plan then involves members of the community directly or indirectly as beneficiaries of the project, for example with training activities in good farming practices. Specific systems for reporting suspicious practices are also sometimes put in place to respond to specific issues relating to the context of the project and to feed into the reporting management mechanism more generally. In the palm oil sector, rigorous monitoring of reports is carried out via the palm alert procedure, which is activated as soon as a potential violation of the policy is identified. In addition to the reports received by stakeholders, L'Oréal proactively identifies alerts, in particular by participating in the Action for Sustainable Derivatives' (ASD) Grievance Taskforce, which maintains regular dialogue with civil society organisations, including indigenous peoples, to facilitate the reporting of incidents.

4.9.3 Action plans in place

The Group applies its sustainable purchasing policy via several main categories of measures:

- in-house training in responsible purchasing: L'Oréal regularly trains its purchasers in the challenges of responsible purchasing, with a module dedicated to human rights. This informs purchasers of the vulnerability of certain groups such as indigenous peoples in terms of human rights. Training is compulsory for all onboarding purchasers;
- supplier support and assessment: L'Oréal works closely with its direct suppliers to promote responsible social and environmental practices, particularly on matters surrounding human rights and adequate wages (see section 4.9.2.2). The Group prioritises transparency and uses various tools and processes to assess its suppliers. Those located in countries identified as high risk by Verisk Maplecroft are subject to a compulsory social audit, based on the SA 8000 standard, before being listed as suppliers at L'Oréal. The Group conducts human rights impact assessments in at-risk regions;
- roll-out of the Living Wage programme, aimed at committing strategic suppliers to the principle of an adequate wage, in line with the recommendations of experts (International Labour Organisation and IDH Sustainable Trade Initiative) and with the support of partners (Fair Wage Network and Wage Indicator Foundation). L'Oréal shares content (definitions, methodology, testimonials, etc.) on the Living Wage programme with its strategic suppliers via a platform. This content is also presented in a series of webinars. Suppliers are encouraged to sign a pledge and to work towards an adequate wage;
- contractual commitments: L'Oréal requires its suppliers to sign the Mutual Ethical Commitment Letter (MECL), which informs them about reports submitted via the Speak Up platform;
- monitoring and complaints: L'Oréal has set up channels for reporting potential human rights violations. These include dialogue with stakeholders, the Speak Up platform (a secure, anonymous website that can be accessed by all stakeholders, with a system on hand around the clock and available in 30 languages, and performance monitored via indicators; see section 4.13.2) and the "palm alert" procedure[(1)] that is available and communicated to all stakeholders, including workers in the value chain (see section 4.9.2.2). The oversight process is designed to ensure strict confidentiality, fair treatment, protection against reprisals and compliance with national legislation in the countries where the Group operates. If a violation of the human rights of workers in the value chain or affected communities is identified, the actions required depend on the specific context and are determined in light of an impact assessment and any information collected during discussions with stakeholders. The Group immediately engages in dialogue with its suppliers and implements a set of immediate measures aimed, if necessary, at identifying the precise source of the incident and rolling out action plans with the suppliers concerned. These action plans are aimed at implementing concrete, corrective measures in the short, medium and long term. To promote systemic change that helps resolve the root causes of certain violations and strengthens oversight systems across a given value chain, the Group may call on a range of key players, from NGOs to public authorities, local civil society organisations and companies in the beauty and perfume industry, etc.;

(1) Thanks to the "palm alert" procedure, supply chain grievances can be identified, assessed and monitored on an ongoing basis and, where necessary, a remedial action plan put in place.

- involvement in coalitions and impact studies: L'Oréal is a member of coalitions such as the Consumer Goods Forum's Human Rights Coalition for Action as a means to boost its positive impact and its transformative potential. For example, in response to a human rights risk identified in the rose sector in Turkey, L'Oréal joined the Harvesting the Future initiative launched by the Fair Labor Association, aimed at improving working conditions and respect for human rights in various agricultural sectors, focusing on empowering seasonal workers and their families. Running up to end-2026, the project brings together various stakeholders, including the Turkish government, local civil society organisations, processors, growers and companies in the beauty and perfume industry, in order to support and strengthen the introduction of systems for monitoring human rights in their supply chains.

L'Oréal's actions in terms of "zero deforestation" and support for local populations are discussed in more detail in the biodiversity section (see section 4.5.3.1). These initiatives include working with small-scale producers and promoting regenerative agriculture.

4.10 Product safety (S4)

4.10.1 Background

L'Oréal aims to offer beauty that combines quality, effectiveness, safety and responsibility. A product use safety assessment ensures the health and well-being of the Group's consumers.

4.10.1.1 Material impacts, risks and opportunities related to product safety

	Description	Subtopics	Policy	Action plans
I- ST	While L'Oréal has a positive product safety record on the whole and product recalls on cosmetics are uncommon throughout the industry, bringing non-compliant products to market could negatively impact consumer health. Although serious incidents are rare, the use of unsafe products could lead to adverse effects ranging from mild reactions to more serious health problems.	**Personal safety of consumers**	Quality and safety policy	Application of ISO standards Continuous quality control

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
Time horizon: ST = short term; MT = medium term; LT = long term.

4.10.2 Quality and safety policy

Personal safety of consumers is an absolute priority for L'Oréal. Assessing safety is central to any new product development process and a prerequisite before any new product can be brought to market. The Group's quality and safety policy is built around four key principles:

- meeting consumer expectations;
- complying with legal obligations and safety requirements;
- maintaining and regularly reviewing assessment standards; and
- ensuring product quality and conformity across the supply chain.

Under the responsibility of the Deputy Chief Executive Officer in charge of Research, Innovation and Technology, the Worldwide Safety Evaluation Department focuses on evaluating the human safety of raw materials and finished products. It establishes the toxicological profile of ingredients and verifies the tolerance of formulas before they are brought to market to ensure that they are completely safe. These safety standards are applied consistently worldwide to ensure the same level of quality across the globe.

L'Oréal also anticipates regulatory changes by assessing the environmental profiles of raw materials. New substances that could have an adverse environmental impact are excluded from the catalogue.

In addition, an international cosmetovigilance network is in place to monitor any adverse effects that arise once a product is on the market and, if necessary, to take the appropriate corrective measures. Staffed by health experts at Group, R&I and science department levels in 100 or so countries, this network is an integrated surveillance system which collects, records, evaluates and processes spontaneous reports of adverse health events observed in relation to products on the market. Reports can be submitted by external stakeholders, particularly consumers. By analysing this health data using scientific methods, L'Oréal is able to:

- confirm that the products marketed are appropriately tolerated;
- if necessary, propose appropriate corrective measures, such as improving tolerance through reformulation, removing or substituting certain ingredients,

- identify certain misuses;
- improve labelling to ensure better use of products (e.g., recommendations for use).

This market surveillance system also meets the regulatory requirements in force in certain countries through dialogue with the competent authorities.

In response to concerns expressed in civil society regarding certain substances and their effects on health and the environment, L'Oréal has adopted a three-pronged approach:

- continuous monitoring of new scientific data;
- close cooperation with the relevant authorities; and
- strict precautions, with ingredients being substituted in the event of a proven or strongly suspected risk.

To give comments or warnings about products, consumers can contact L'Oréal's consumer service team in various ways (mainly by phone, social media or e-mail). The address of each brand's consumer service team is displayed on the products. Contacts are managed at country level based on multi-divisional governance and segmentation by brand. Every contact is treated with care: the consumer service team records the reason for the contact request and seeks to resolve the problem using a decision tree. The team is required to keep the consumer informed of the progress of their case. This information is passed on to the brand managers in the Group's divisions through *Voix du Consommateur* consumer feedback reports. Requests to analyse certain products are forwarded to the quality coordinator and then to the internal unit concerned. The consumer systematically receives a response from the consumer service team summarising the exchange and the next steps.

4.10.3 Action plan in place

L'Oréal has implemented an ambitious action plan to ensure that its production is safe, based on strict standards and thorough monitoring. Quality requirements cover formula, packaging and process design, as well as compliance during production and distribution. All production facilities are ISO 9001 certified and apply ISO 22716 compliant Good Manufacturing Practices.

These standards also apply to subcontractors under a specific quality charter. Regular and rigorous audits are conducted to improve the Group's visibility over production safety throughout the value chain.

4.11 Transparent labelling and shift towards responsible consumption (S4)

4.11.1 Background

The Group aims to leverage the power of its brands to encourage consumers to adopt a more responsible approach to consumption. By scientifically evaluating the environmental impact of its products, L'Oréal provides consumers with transparent information on environmental performance to help them make informed choices, while simultaneously helping to transform the beauty industry.

4.11.1.1 Material impacts, risks and opportunities related to responsible labelling and consumption

	Description	Subtopics	Policy	Action plan
I- ST	A lack of transparent and comprehensible information on the impact of products, combined with the risks of greenwashing and limited consumer understanding, could lead to poor choices and the selection of products with greater negative environmental impacts. This lack of transparency could also slow down L'Oréal's internal development of more sustainable products, since it would be hard for consumers to identify and prioritise genuinely eco-friendly options. False claims may also mislead consumers, leading to inappropriate product choices. Lack of advice on how to use products may lead to overuse, wasted water and inappropriate waste disposal.	**Access to high-quality information for consumers**	Research & Innovation and packaging policy EcoBeautyScore Association	Developing a Product Impact Labelling system for displaying products' environmental impact Helping to build an industry-wide scoring methodology: the EcoBeautyScore
I+ ST/LT	In terms of positive impacts, transparent labelling and simplified choices help consumers make more responsible choices, which benefits both L'Oréal's brand portfolio and the beauty industry as a whole.			
R ST	L'Oréal is exposed to significant financial and reputational risks in the event of a lack of labelling transparency. Misleading labelling practices may lead to prosecution and fines, while an overall lack of transparency could undermine consumer and stakeholder confidence, impacting L'Oréal's sales, attractiveness and overall reputation.			
O MT/LT	The focus on displaying environmental impacts in a transparent and harmonised way represents a real opportunity for L'Oréal. For example, transparent and consistent labelling could lead to a levelling up of practices across the industry, thereby reducing the costs associated with compliance. Open communication about products may reinforce consumer confidence, driving greater loyalty, higher sales and a clear competitive advantage.			

○ *IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.*
□ *Time horizon: ST = short term; MT = medium term; LT = long term.*

4.11.2 Policies to help consumers make sustainable choices

4.11.2.1 Informing consumer choices and promoting responsible products

L'Oréal's ambition is to accelerate the transformation of the beauty industry by guiding all consumers towards more sustainable products and thereby generate a preference for products with a low environmental impact.

L'Oréal meets consumer expectations in terms of sustainability while anticipating changes in the regulatory landscape. The Group uses scientific approaches to support its environmental communications and aims to ensure greater transparency in its information by adapting to future requirements.

This development is based on two key areas:

- encouraging responsible consumption by offering greater transparency to facilitate consumer choices;
- encouraging eco-friendly product design by reducing the consumption of resources such as water and offering a more circular product range with a smaller environmental footprint, based on product life cycle analyses. L'Oréal plans to gradually switch from the SPOT system (see section 4.4.3.3) to EcoBeautyScore, depending on the categories available.

4.11.2.2 Specific governance arrangements

Within the Corporate Social Responsibility department, the Sustainable Consumption department is responsible for developing and rolling out a transparent labelling system (Product Impact Labelling). It also participates in the EcoBeautyScore Association, which aims to create a common labelling system for the beauty industry.

4.11.3 Action plans in place

4.11.3.1 Developing a Product Impact Labelling system for displaying products' environmental impact

Since 2017, L'Oréal has been working with the SPOT eco-design tool (see section 4.4.3.3) to help determine the environmental profile of all products with revised formulas as well as new products launched by the Group.

PRODUCT IMPACT LABELLING: A UNIQUE APPROACH WITH MULTIPLE BENEFITS

To help consumers better understand the environmental impact of their choices, L'Oréal has developed the Product Impact Labelling system, based on SPOT environmental assessments (see section 4.4.3.3). This draws on a scientific method using EU-recommended product life cycle assessments to determine Product Environmental Footprints (PEF). It assigns a rating from "A" to "E" that reflects a product's environmental performance, where within a given category, "A" represents the lowest impact. Designed in collaboration with independent scientific experts, the environmental impact label is aimed at encouraging consumers to make more sustainable choices, and is now available on the product pages of the websites of 12 Group brands, in 12 skincare or haircare categories, in 32 countries across Europe, North America and China.

Products are classified according to their overall environmental footprint. In a given category (e.g., shampoos or face care products), the 10% of products with the smallest footprint are rated "A", while the 10% of products with the greatest footprint are rated "E". Other products are distributed from "B" through "D" on a linear basis. The "A" rated products are significantly better than the "B" rated products, themselves significantly better than products rated "C".

L'Oréal continues to roll out this scoring system in collaboration with its distribution networks, so that the ratings are presented in a clear and accessible way for consumers.

At the same time, the Group is stepping up its advertising campaigns and marketing materials, both in-store and online, to promote its commitment to sustainability and ensure transparent communication with consumers.

4.11.3.2 Towards an industry-wide scoring methodology: the EcoBeautyScore

In 2021, in a bid to take its transparency efforts a step further, L'Oréal joined forces with beauty industry peers to co-found the EcoBeautyScore Consortium[1], tasked with co-creating a common labelling system. EcoBeautyScore has members from more than 70 businesses and cosmetics industry stakeholders, representing more than 50% of the global market.

The EcoBeautyScore system aims to provide consumers with a clear, transparent and comparable assessment of cosmetic products' environmental impact. A public consultation was organised in June 2024, demonstrating the association's major progress made on four levels:

- developing a shared method for scientifically measuring the environmental impact of products throughout their life cycle, as recommended by the European Commission;
- creating a shared database on the environmental impact of ingredients and raw materials used in formulas and packaging, as well as during product use;
- developing a joint scoring tool to assess products' environmental footprint;
- introducing a harmonised scoring system to help consumers find out about cosmetic products' environmental footprint.

4.12 Responsible beauty marketing and advertising (S4)

4.12.1 Background

As the world's fourth-largest advertiser, L'Oréal aims to be a catalyst for positive change through marketing and publicity. Creating the beauty that moves the world also means meeting the expectations of consumers, for whom sustainability is a priority, and building trust. It also means transforming representations of beauty by celebrating the full spectrum of desires and aspirations.

L'Oréal wishes to offer innovative routines and promote diversity and inclusion, and strictly respects the codes and charters that guide it in this domain. With this focus on responsibility and transparency, L'Oréal's marketing and advertising campaigns are aimed at encouraging the entire beauty industry to adopt more honest, inclusive and committed practices.

4.12.1.1 Material impacts, risks and opportunities related to responsible marketing and advertising

	Description	Subtopics	Policy	Action plan
I- ST/MT	L'Oréal's influence on the world of marketing and advertising carries with it an element of social responsibility. Failing to effectively break down stereotypes in its advertising campaigns could contribute to spreading unrealistic and exclusive beauty standards. This could give rise to self-esteem and mental health problems among certain populations, particularly if they are exposed to messaging of this kind on social media, and could also breach the right to non-discrimination.	**Responsible marketing practices**	Responsible advertising and marketing communications policy	Emphasise responsible content Respect human rights and diversity, equity and inclusion Roll out a child-conscious responsible marketing approach Respect data confidentiality and ethics Use generative artificial intelligence responsibly Promote sustainability
I+ MT/LT	On the other hand, L'Oréal's commitment to responsible marketing practices represents a potential opportunity to make a positive impact in terms of inclusion. The shift towards campaigns that value diversity and represent the whole spectrum of beauty, as well as promoting a positive view of ageing, could contribute to a more inclusive and responsible industry. The Group's commitment to authenticity and to not using artificially generated or retouched images could have a positive impact on consumers' self-esteem and mental health.			

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
Time horizon: ST = short term; MT = medium term; LT = long term.

(1) *Became the EcoBeautyScore Association in November 2024.*

4.12.2 A marketing policy that puts responsibility first

L'Oréal is deeply committed to acting as a responsible company by adopting marketing and advertising practices that comply with laws and regulations in all markets. This commitment is reflected in the Group's responsible advertising and marketing policy, anchored by the Group's Code of Ethics, human rights policy (see section 4.9.2), diversity, equity and inclusion policy (see section 4.7.4.1.1) and Influencer and Content Creator Values Charter.

L'Oréal applies the Consolidated ICC Code of Advertising and Marketing Communication Practice and Cosmetics Europe's Guiding Principles on responsible advertising and marketing communication. The Group also shares best practices with its peers and is a member of several initiatives, including the WFA Planet Pledge, the Global DEI Charter for Change, Ad Net Zero and the Unstereotype Alliance.

L'Oréal's responsible advertising and marketing policy is underpinned by collaborative governance. The Digital & Marketing team oversees the development of the policy, in line with best ethical, social and environmental practices. It is rolled out worldwide and applied consistently by the Divisions and brands. Strategy is overseen by members of the Executive Committee, which ensures that the policy evolves appropriately.

4.12.3 Action plans in place

L'Oréal has put several measures in place to make its marketing and advertising ever more responsible:

To emphasise responsible content, L'Oréal:

- ensures that its advertising is sincere, true, non-misleading and decent, with the minimal use of visual retouching techniques restricted to correct technical issues only;
- ensures that its claims are based on solid, verifiable data;
- applies a vigilant policy to the purchase of advertising space to exclude inappropriate environments (hateful or discriminatory content, etc.);
- undertakes not to denigrate competitors or categories of products;
- ensures that influencers fully disclose their commercial links with L'Oréal to their audience; and
- refrains from using content that mimics protected works or people without permission.

To respect human rights and diversity, equity and inclusion, L'Oréal:

- embeds diversity and inclusion into its advertising, taking into account aspects such as gender, age, socio-economic background, skin colour, body shape, sexual orientation and religion;
- respects human dignity and avoids presenting degrading stereotypes or disrespecting minority communities or those historically excluded or marginalised;
- encourages a fair representation of beauty, by minimising recourse to image retouching techniques; and
- offers accessible advertising, including subtitles, coded subtitles and transcriptions.

As part of its responsible marketing approach to children, L'Oréal:

- does not target children under the age of 16, except for hygiene, dermatological and sun protection products;
- takes care not to suggest that the use of a product would give a child a social or physical advantage over other children; and
- refrains from partnering with influencers below the legal age to sign a contract, in line with local laws.

To respect data confidentiality and ethics, L'Oréal:

- ensures transparency on how data will be used, and does not use misleading methods; and
- retains personal data for a limited period, allowing users the option to amend or delete their personal data at any time.

To use generative artificial intelligence responsibly, L'Oréal:

- does not use creations generated by artificial intelligence to promote product benefits; and
- ensures compliance with legislation on intellectual property and privacy of AI-related data.

To promote sustainability, L'Oréal:

- markets refillable and sustainable products in its advertising, while promoting a more environmentally friendly lifestyle;
- refrains from exploiting consumers' increasing concern for the environment without offering genuine transparency; and
- measures and reduces the carbon footprint of its advertising, in line with its decarbonisation commitments as validated by the SBTi.

4.13 Responsible leadership and ethical practices (G1)

4.13.1 Background

Underpinned by the demanding principles set out in its Code of Ethics, L'Oréal has built a solid governance framework that guides each of its employees, managers, directors and corporate officers. Beyond simply complying with the laws and regulations in the countries where it operates, L'Oréal strives to apply exemplary ethical standards throughout the world.

Through *Speak Up*, the Group encourages open and transparent dialogue, where everyone can report any behaviour that runs counter to L'Oréal's values. This ethical framework strengthens L'Oréal's reputation and inspires trust among stakeholders.

4.13.1.1 Material impacts, risks and opportunities related to business conduct

	Description	Subtopics	Policy	Action plans
R ST/MT	Responsible and ethical practices, including protection of whistleblowers, fair relationships with suppliers and compliance, are crucial for L'Oréal. Failure to respect these commitments could give rise to financial risks for the company, legal sanctions or damage to its reputation, a deterioration in relationships with suppliers, or a loss of trust among stakeholders.	**Corporate culture** **Protection of whistleblowers**	Ethics policy	Reinforce ethics through compulsory training, a whistleblowing system, internal controls and regular audits
		Management of relationships with suppliers	Sustainable purchasing policy	Optimise supplier management through transparent communication, ongoing dialogue, compliance with payment deadlines, audits and ongoing support

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
Time horizon: ST = short term; MT = medium term; LT = long term.

4.13.2 Responsible business conduct policies

True to its Sense of Purpose – "Create the beauty that moves the world" (see section 1.1.1) – and its stringent ethical principles, L'Oréal has developed a strong corporate culture. The Code of Ethics, presented below, formalises these commitments and provides a framework for all the Group's activities to develop responsible business conduct.

4.13.2.1 Ethics policy

L'Oréal's development and reputation are underpinned by the essential ethical principles of integrity, respect, courage and transparency. Its ethics policy relies on two main pillars:

- The Code of Ethics, which applies to all employees, members of the Executive Committee and Management Committees and the Group's corporate officers, guiding them in identifying sensitive situations and appropriate behaviour, through clear rules and concrete examples. Compliance with these principles is taken into account in the assessment of each employee's performance, particularly managers. An ethical dimension is integrated into decision-making through regular dialogue with stakeholders and internal working groups, which reinforces the Group's policies. The Code of Ethics sets out L'Oréal's commitments as a company, an employer and a figure of responsibility.
- Speak Up: introduced in 2008, this internal whistleblowing system can be used by employees and external stakeholders to report concerns or breaches of Group rules in complete confidence, particularly in the areas of human rights, safety, corruption and the environment. Reports may be submitted via a secure, anonymous website, with a system on hand around the clock and available in 30 languages (www.lorealspeakup.com), or through the network of authorised persons, and are forwarded to the Chief Ethics, Risk and Compliance Officer. L'Oréal protects whistleblowers, ensures that information remains confidential, and undertakes to conduct an independent and impartial investigation into each report, followed by remediation if necessary.

Governance of the Group's ethical principles is described in the Vigilance Plan in section 3.2.1.

4.13.2.2 Policy for responsible relationships with suppliers

L'Oréal places great store in an ethical and efficient value chain, putting sustainable and mutually beneficial relationships with its suppliers at the heart of its priorities. This policy is formalised in The Way We Work With Our Suppliers, which guides the actions of the Group and its employees. L'Oréal undertakes to:

- select 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 (see section 4.4.2.2 for further details on the supplier selection scorecard);
- nurture a climate of trust and collaboration, by encouraging regular communication, guaranteeing that information exchanged is kept confidential and prohibiting all forms of corruption or favouritism. All suppliers sign the Mutual Ethical Commitment Letter, which sets out requirements in terms of respect for human rights, decent working conditions, environmental protection and business integrity; and
- see that financial commitments are met by paying all suppliers on time, regardless of the category of supplier and according to the agreed terms, pursuant to local legislation and the Group's contractual commitments.

4.13.3 Action plans in place

4.13.3.1 Implementation of the ethics policy

To support the implementation of its ethical commitments, L'Oréal's action plan is built on four pillars:

- Raising awareness and training: L'Oréal has made training a central part of its strategy, with a comprehensive programme of compulsory online training for all employees, covering key issues such as ethics, human rights, anti-corruption, competition law, personal data protection and IT security. These training courses target around 60,000 people who are exposed to such risks, with specific modules for the populations at greatest risk. A dedicated training programme for managers is also underway. Each year, L'Oréal organises an Ethics Day to raise awareness and engage in open dialogue with all employees;
- Encouraging the reporting of unethical behaviour: through Speak Up, L'Oréal enables whistleblowers to confidentially report any concerns via a secure website (www.lorealspeakup.com). Employees are informed of the existence of the Speak Up programme, in particular through an e-learning course on ethics and human rights that is available and compulsory for all of the Group's new hires, as well as through awareness-raising initiatives such as Ethics Day. Whistleblowers are protected from retaliation and the reports are subject to thorough review, followed by an impartial internal investigation;
- Monitoring and preventing risks: L'Oréal takes a proactive approach to identifying and managing the risks associated with its operations. Rigorous internal control processes ensure compliance with the law and the Group's ethical standards; and
- Auditing and ensuring compliance: the internal audit system ensures compliance with laws, regulations and Group policies, identifying weaknesses and determining any remedial measures to be taken.

4.13.3.2 Action plan for managing relationships with suppliers

L'Oréal implements concrete measures to guarantee the effectiveness of its supplier relationship management policy, based on the following priorities:

- transparent and accessible communication: the guide on The Way We Work With Our Suppliers is readily available to all suppliers, along with tools and training to help them understand and apply the Group's principles;
- ongoing dialogue: L'Oréal encourages regular and open discussions with its suppliers through frequent meetings and dedicated communication platforms to strengthen collaboration;
- monitoring payment times: to ensure that contractual payment terms are respected, L'Oréal has updated its internal tools and purchasing terms and conditions, while closely monitoring "pay on time" payment performance indicators. The Group is committed to finding amicable solutions to any financial difficulties encountered by its suppliers;
- audits and assessments: L'Oréal assesses its suppliers' compliance with social and environmental requirements through self-assessment questionnaires, risk analyses and audits carried out by independent third parties, as required; and
- support and progress: in addition to monitoring, L'Oréal supports its suppliers in improving their practices. It encourages a collaborative approach with resources and training to help suppliers achieve the required standards.

4.13.4 Outcomes related to payment practices (G1-6)

Key performance indicator	2024 outcomes
Actual time to pay	45 days
Percentage of payments complying with standard payment terms	90%
Number of legal proceedings currently outstanding for late payments	4

4.14 Methodological notes

4.14.1 Scope of consolidation[1]

As a general rule, the reporting scope of the Sustainability Report is based on that of the financial statements, subject to specific exceptions described below:

(i) newly acquired companies are included in the reporting scope as soon as they have been consolidated;

(ii) companies accounted for by the equity method are not included in the reporting scope;

(iii) exceptionally, small entities may be excluded from the aforementioned reporting scope if, taken together, they do not represent more than 5% of the Group's sales or total employees. Specific exclusions are described in following section.

L'Oréal reports sustainability data at Group level for all entities over which it has operational control, for applicable ESRS (E1 and E2).

Gradual consolidation of newly acquired companies

Until an entity has been fully integrated into L'Oréal's IT systems, consolidation of its data is done manually and can therefore take longer. For these entities, if the rules on estimates cannot be applied and the cost of reporting is deemed unreasonable in relation to the size of the company, the entity may ask to be exempted from non-financial reporting. This exemption may be granted on a case-by-case basis and be renewed annually. The table below provides details on the exclusion of three entities. The entities concerned by exemptions vary according to the metric categories. Action plans are implemented to ensure data availability and reliability.

Company (region)	Acquisition date	% employees	% units sold	Comments
Gjosa (Switzerland)	January 2024	0.01%	-	-
Zhejiang Yesskin (China)	November 2024	-	-	70% interest not consolidated in the financial statements in 2024
Aēsop (Worldwide)	September 2023	4.3%	0.3%	-

Change in scope (exits)

Entities or sites sold or closed during the financial year are reported in full up to the date they exit the scope.

Estimates and exclusions

The list of subsidiaries that do not report certain metrics and for which estimates are made, may differ depending on the nature of the metrics in question. The scope of coverage varies according to the category of metric.

Details of data coverage are given in the tables for each topic.

Uncertainties and limitations

Sustainability information has been prepared in connection with the first-time application of article L. 233-28-4 of the French Commercial Code (*Code de commerce*). This first-time application is characterised by uncertainties as to the interpretation of the regulations and standards, a lack of reliable comparative data and benchmarks, and an absence of established frameworks. It required the Group to make estimates and use certain assumptions that may impact the sustainability information presented. These estimates and assumptions mainly concern the measurement of amounts relating to the value chain (Scope 3). The estimates used by L'Oréal are based on the information available at the date of preparation of the Sustainability Report as detailed in the methodological notes.

The following information could not be estimated:

Substances of concern (E2-5): the complexity of European regulations on substance classification and the absence of sector-specific recommendations have made it difficult to collect the relevant data in practice. L'Oréal will work to collect these data in light of the forthcoming clarifications, with a view to publishing them in the future.

Investments associated with the Scope 3 climate transition plan (E1-3): the Group's climate and environmental commitments are embedded into its strategic plan and its budget plans by each Group entity. This integrated approach means that material investments associated with the climate transition plan cannot be published in isolation, especially as L'Oréal's low eligibility for the Taxonomy Regulation does not reflect the scale of the Group's transformation in terms of climate and environmental issues. L'Oréal will work on estimating these investments with a view to publishing them in the future.

The information provided by L'Oréal on material impacts, risks and opportunities does not include data relating to Aēsop, which joined the Group's financial consolidation scope at the beginning of September 2023 and represents approximately 5% of its consolidated workforce in 2024.

Targets

The absence of a quantified target in the "Outcomes" part of a sub-section of this report indicates that L'Oréal does not define any such target for this topic. The Company reserves the right to define targets for the topics concerned at a later date.

(1) *L'Oréal's consolidated sustainability report is published in accordance with Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022.*

4.14.2 Coverage of CSRD metrics

ESRS	Section	CSRD scope		2024 coverage	Exclusions and clarifications
		Scope covered	Type of coverage		
E1-5 – Energy	4.2.5.2	L'Oréal Groupe operated sites[1]	Energy consumption	99%	**Exclusion:** Aēsop **Estimates:** stores and administrative and research sites with fewer than 50 employees
E2-5 – Pollution (COD, NMVOC)	4.3.4.1 4.3.4.2	Manufacturing facilities	-	100%	**Estimates:** manufacturing facilities using small quantities of solvent are extrapolated on the basis of facilities monitoring pollution measurements (estimated at 9%)
E2-4 – Pollution (Microplastics) **E2-5 – Pollution (SVHC)**	4.7.4	Ingredients of finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	**Exclusions**: • Manufacturing facilities: Pakistan, Argentina, Korea • Aēsop **Included manually:** manufacturing facilities in India and Kenya over 11 months
E3-4 – Water	4.4.4.1	L'Oréal Groupe operated sites[1]	Water consumption	99%	**Exclusion:** Aēsop **Estimates:** stores and administrative and research sites with fewer than 50 employees
E5-4 – Resource inflows (packaging)	4.6.4.1	Primary and secondary packaging for finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	**Exclusions:** • Manufacturing facilities: Kenya, Pakistan, Argentina • Production flows not managed by L'Oréal manufacturing facilities (specific packaging for Travel Retail and additional packaging manufactured locally by subsidiaries) • Aēsop, Stylenda 3CE, Skinbetterscience **Included manually:** manufacturing facilities in India
E5-4 – Resource inflows (ingredients)	4.6.4.1	Ingredients of finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	**Included manually:** manufacturing facilities in India and Kenya over 11 months **Exclusions:** • Manufacturing facilities: Pakistan, Argentina, Korea • Aēsop
E5-5 – Resource outflows (waste)	4.6.4.2	L'Oréal Groupe operated sites[1]	Total waste	100%	**Exclusion:** Aēsop **Estimates:** stores and administrative and research sites with fewer than 50 employees **NB:** includes all L'Oréal goods destroyed by suppliers, subcontractors or warehouses/ 3PLs at the site's request and expense

		CSRD scope			
ESRS	**Section**	**Scope covered**	**Type of coverage**	**2024 coverage**	**Exclusions and clarifications**
E5-5 – Resource outflows (packaging)	4.6.4.2	Primary and secondary packaging for finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	**Exclusions:** • Manufacturing facilities: Kenya, Pakistan, Argentina • Production flows not managed by L'Oréal manufacturing facilities (specific packaging for Travel Retail and additional packaging manufactured locally by subsidiaries) • Aēsop, Stylenda 3CE, Skinbetterscience **Included manually:** manufacturing facilities in India
S1-6 – Characteristics of the undertaking's employees	4.8.5.1	Own workforce	Statutory employees	96%	**Exclusions:** Aēsop, Gjosa **Included on a proportionate basis:** Luxury of Retail, Centre Thermal de La Roche Posay, Real Campus by L'Oréal (hairstyling and entrepreneurship school) and Mugler Fashion
S1-8 – Collective bargaining coverage and social dialogue	4.8.5.2	Own workforce	Statutory employees in the European Economic Area	99%	
S1-9 – Diversity	4.8.5.3	Own workforce	Statutory employees	96%	
S1-10 – Adequate wages	4.8.5.4	Own workforce	Statutory employees	96%	
S1-12 – Persons with disabilities	4.8.5.5	Own workforce	Statutory employees	96%	
S1-14 – Health and safety	4.8.5.6	L'Oréal Groupe operated sites(1), including sales teams for mobile staff and stores for in-store beauty advisors managed by L'Oréal (employees and non-employees treated as part of the workforce)	Statutory employees	96%	**Exclusions:** Centre Thermal de La Roche Posay and Aēsop
S1-16 – Remuneration	4.8.5.7	Own workforce	Statutory employees	95%	**Exclusions:** Aēsop, Gjosa, Luxury of Retail, Centre Thermal de La Roche Posay, Real Campus by L'Oréal (hairstyling and entrepreneurship school)
S1-17 – Human rights	4.8.5.8	Employees and non-employees in the workforce	-	100%	
G1-6 – Payment practices	4.13.2.2	Payments outside the Group	-	99%	**Exclusions:** Kenya and Aēsop

(1) Operated sites: operated sites correspond to all Group sites, irrespective of their purpose, except for sites typically with fewer than 50 employees. Sub-contracted distribution centres are not considered to be operated by the Group or under its operational control.

4.14.3 Data collection and details of methods used

ESRS E1 – Climate change

L'Oréal for the Future climate objectives (see section 4.2.5.1)

The L'Oréal for the Future objective of achieving 100% renewable energy is calculated on the basis of its operated sites, excluding estimates for stores and administrative sites with fewer than 50 employees.

The base year (2019) for the climate targets was determined in accordance with the recommendations of the SBTi. This choice corresponds both to the year in which the L'Oréal for the Future programme was launched and to the last fully representative year of activity before the Covid-19 pandemic.

E1-6 – Outcome of the greenhouse gas emissions assessment

Methodological principles and estimates

The methodology used is that of the GHG Protocol. Emissions from the vehicle fleet are estimated based on fuel consumption; where this is not available, emissions can be estimated on the basis of mileage. Energy consumption for stores is estimated as follows: consumption for surface areas is taken from the property database (Portfolio), and the estimates used in the calculation are taken from a study carried out by DEEPKI, a partner, in 2023.

Scope 1

Emission factors (EF) for Scope 1 are taken from the databases of the French Environment and Energy Management Agency (ADEME) for fossil fuels (natural gas, fuel oil, etc.), as well as from the Sixth Assessment Report of the IPCC (IPCC AR6), the International Energy Agency (IEA) and the UK's Department for Environment, Food and Rural Affairs (DEFRA), and are updated by the Operations Department in its GRAAL internal reporting tool.

Scope 2

Market-based method: EFs for the electricity, heat, steam and cooling networks are based on data from utility companies, the IEA, DEFRA and ADEME, and are input manually for each site in the GRAAL internal reporting platform or in the store and vehicle fleet calculation tools.

Location-based method: the location-based EF for electricity is a national EF, based on the country's electricity mix as published by the IEA. Exceptions may be granted for regional or sub-national EFs. They must be published by a competent authority (e.g., the total output emission rates published by eGRID in the US).

Level of uncertainty: for Scopes 1 & 2, the level of uncertainty at Group level is approximately 1% for manufacturing facilities and distribution centres, and 5% for administrative sites and research centres.

Scope 3

This is the sum of the categories relevant to L'Oréal identified by the GHG Protocol and detailed in the GHG Protocol's Corporate Value Chain (Scope 3) accounting and reporting standard.

76% of Scope 3 emissions are calculated on the basis of primary data.

For Scope 3, the level of uncertainty is higher given the volume of data required to calculate it, such as the emission factors of the energy used to heat the water necessary for the usage phase of L'Oréal's rinse-off products all over the world, the quantity of water necessary for rinsing, the carbon emissions of raw materials and packaging suppliers, distances travelled for transportation, etc.

The overall carbon impact of the Group's business activities is an essential measurement. In light of its commitments to combating climate change, L'Oréal strives each year to improve the reliability of these data. The level of uncertainty of the Group's Scope 3 emissions is estimated at between 20% and 30%.

Scope 3 categories	Scopes, calculation methods and tools
1. Products and services purchased	Carbon emissions related to the preparation of all materials used for the products manufactured by the Group, and their promotion at points of sale. These emissions include the extraction of materials, their transport to suppliers, and their processing before delivery. The calculation is based on tonnages of packaging and raw materials, emission factors from the ADEME Carbon Base and ecoinvent, and specific life cycle assessments. The carbon emissions for this item also include carbon emissions related to: • services purchased by L'Oréal, for which monetary emission factors are issued by the ADEME Carbon Base; • the extraction and production of materials used for the supply chain and the operated sites; • point-of-sale advertising and advertising accessories (POS), covering all stages of the life cycle; • data centres (operated) and clouds (private and public), based on internal data from the Group's IT system; • materials used to manufacture the products of partner brands sold via the SalonCentric network in the United States.

Scope 3 categories	Scopes, calculation methods and tools
2. Capital goods	Carbon emissions related to the manufacture of capital goods acquired or leased by L'Oréal (property, industrial equipment, packaging moulds, IT equipment, leased car fleet). Specific emission factors from the ADEME Carbon Base are used (in $kgCO_2eq$/€k for investments in industrial equipment, in $kgCO_2eq$/sq.m. for property acquisitions, and in $kgCO_2eq$/tonne for the manufacture of packaging moulds and cars for the leased vehicle fleet), as well as emission factors from the EIME database for ICT (information and communication technologies) equipment.
3. Fuel- or energy-related activities (not included in Scopes 1 & 2 emissions)	Carbon emissions related to the extraction, production and transportation of the fuel and energy purchased by L'Oréal and its subcontractors. It also includes losses through electricity distribution. Electricity-related emissions are calculated using the country-specific emission factor (source: IEA). By taking line losses into account, it is possible to calculate emissions related to the total electricity produced: these are estimated using country-specific loss factors (source: World Bank). Emissions related to upstream emissions from L'Oréal's vehicle fleet are also included in this category, calculated using the emission factor database created by the United Kingdom's Department for Energy Security and Net Zero (DESNZ) and its Department for Business, Energy & Industrial Strategy (DBEIS, formerly DEFRA).
4. Upstream transportation and distribution	CO_2 emissions resulting from the transport of purchased items (raw materials, subcontracted finished products, packaging components and electronic equipment) between suppliers and L'Oréal manufacturing facilities. The emissions calculation uses the amount spent for each category of item and for each mode of transport. This expenditure is then multiplied by the corresponding emission factor ($kgCO_2eq$/k) from the ADEME Carbon Base. This category also includes emissions related to the transport and distribution of products sold, taking into account transport flows of finished products and promotional items from the production sites to delivery at the customer's first delivery site. Verified data from the Department for Transport is used.
5. Waste generated by sites	This category covers emissions related to the processing by third parties of production waste and wastewater from facilities operated or owned by L'Oréal. Emissions are calculated using a specific emission factor associated with the material (plastic, metal, glass, etc.) and the treatment process (source: ecoinvent). For wastewater, the rates at which our sites are connected to municipal wastewater treatment plants (WWTPs) are taken into account, as are the greenhouse gas emissions from the deterioration of wastewater and the emissions related to the energy used by wastewater treatment plants.
6. Business travel	This category covers carbon emissions from business travel for all Group employees. These emissions take into account the different modes of transport used (plane, train, car, etc.). The calculation is based on data collected by travel agencies (mileage, country, mode of transport) and on employees' expense accounts. The emission factors used depend on the mode of transport ($kgCO_2e$/passenger km) and are taken from the UK DESNZ and DBEIS databases.
7. Employee commuting	This category includes carbon emissions related to employee commuting from home to the workplace. Emissions are estimated for each country based on the number of employees and statistics from national transport bodies (car, bus, train, underground, bicycle, motorbike, etc.). The emission factors used depend on the mode of transport and the zone (Europe, North America, South America, Asia, Africa) and are taken from the ADEME Carbon Base and the ecoinvent database.
8. Upstream leased assets	Not applicable: L'Oréal does not operate any assets that are owned by other entities.
9. Downstream transportation and distribution	This category includes carbon emissions related to transport and distribution of distributor customers (internal estimation method).
10. Processing of sold products	Not applicable: production is used directly by the end customer. There is no transformation of intermediate products.
11. Use of sold products	This category includes carbon emissions related to the use of L'Oréal products by consumers. The direct use phase corresponds to emissions related to the use of aerosols (mainly hairsprays and deodorants containing propellant gas). The total quantity of propellant gas in the products L'Oréal sells is multiplied by the associated emission factors (source: IPCC). This category also includes emissions related to the use of the appliances sold (such as the SteamPod straightener). Optional emissions: the indirect use phase corresponds to emissions due to the hot water used to rinse off certain products, such as for example shampoos, shower gels and hair dyes. For each type of product that uses water, the quantity of hot water required to rinse it off is defined (source: Afnor French standards agency), internal studies and L'Oréal publications. Then, for each country where the products are sold, the residential water heating mix and the associated emission factors (source: IEA, ADEME Carbon Base) are used to estimate the amount of CO_2 generated per litre of water used.

Scope 3 categories	Scopes, calculation methods and tools
12. End-of-life treatment of sold products	Carbon emissions linked to this category correspond to the processing of sold products after use: packaging processed in existing waste treatment channels and wastewater treated in water treatment plants. The calculation of carbon emissions mainly relates to the type and method of production of the energy used in each type of treatment process. This calculation incorporates internal data from the SPOT tool to determine the percentage of materials used in packaging that are treated, as well as emission factors from the ecoinvent database by type of material and process. The calculation of carbon emissions for effluents is based on the chemical oxygen demand (COD) of the different products and on statistics regarding treatment in the different countries. The primary data are collected from internal databases (raw materials and packaging materials), for which the carbon emissions relating to their end-of-life treatment are then calculated.
13. Downstream leased assets	Not applicable: L'Oréal does not operate any assets that are owned by other entities.
14. Franchises	Not applicable: as L'Oréal's model of franchised stores is very limited, emissions related to the energy used by these stores are not taken into account.
15. Investments	This category includes carbon emissions relating to L'Oréal's investments in 2024, accounted for via the share of L'Oréal's investments in the company or companies in question. The companies concerned are Sanofi, which is equity-accounted, and companies in which L'Oréal invests through the BOLD (Business Opportunities for L'Oréal Development) venture capital fund.

Site-related environmental indicators

The Operations Department is responsible for the environmental metrics for Group sites. Environmental metrics are reported monthly by each entity in the L'Oréal GRAAL consolidation reporting tool, which is available in each country where a L'Oréal subsidiary is located.

E1-5 – Energy

GRAAL output data are reprocessed centrally to comply with the CSRD:

- higher heating value is converted to lower heating value (source: ADEME);
- the proportion of nuclear energy in fossil fuel consumption is estimated based on the proportion of nuclear energy produced in each country (source: IEA);
- estimated electricity consumption for L'Oréal's stores and sites with fewer than 50 employees: consumption for the surface areas are taken from the property database (Portfolio), and the estimates used in the calculation are based on a study carried out by the Group's DEEPKI partner in 2024;
- data are extrapolated based on site surface areas for administrative sites with fewer than 50 employees, and compared with the known values for administrative sites covered by the GRAAL reporting tool;
- L'Oréal considers 100% of this estimated energy to be non-renewable. The type of energy is determined by Deepki estimates.

E2-5 – Pollution of air and of water

NMVOC: manufacturing facilities using 90% of materials considered to be solvents and materials subject to restrictive legislation have drawn up a Solvent Management Plan (SMP) for 2024, based on consumption figures in 2023. For sites that have not drawn up an SMP in 2024, purchases of raw materials containing solvents are multiplied by the average emission factor of sites with an SMP.

COD: data are taken directly from the GRAAL reporting tool.

E3-4 – Water consumption

Total water consumption indicators are calculated based on monthly meter readings at each L'Oréal site, with the data consolidated using the GRAAL system.

The "recycled water" figure refers to water that has been treated and reintroduced into the company's water system for industrial or domestic use. "Reused water" refers to water that has already been initially used and is reused for another purpose, such as discharges from purified water treatment for product formulation that are then used in industrial processes.

The "Total water consumption in m^3 in areas at water risk, including areas of high water stress" metric is calculated for the manufacturing facilities scope only. The consumption reported corresponds to that of facilities with a Water Risk Filter (WRF) DASH score of more than 3.0 (version 1). The WRF tool was developed by the German development finance institute DEG (*Deutsche Investitions- und Entwicklungsgesellschaft mbH*), in collaboration with WWF, and allows companies to identify and mitigate water-related risks in their activities. The resulting DASH score is a combination of various risk indicators most relevant to the sites, including the depletion of water resources, blue water scarcity and benchmark water stress. The score of 3.0 is recommended by the CDP as a criticality threshold on a scale of 1 to 5.

E5-5 – Resource outflows (waste)

The GRAAL internal reporting tool is completed each year by three elements:

1. an annual calculation based on cumulative figures to the end of September, in compliance with CSRD requirements: breakdown of waste treatment between hazardous and non-hazardous waste for the Group's manufacturing facilities on a cumulative basis to the end of September. The data collected on this sample (which represents 65% of the Group's waste) are then extrapolated as follows: the breakdown between hazardous and non-hazardous waste for each type of treatment process is applied to the total amount of waste generated annually by the Group. Any remaining discrepancies are allocated on a pro rata basis to the treatments in each of the hazardous and non-hazardous waste categories;

2. an annual inventory of all L'Oréal products (finished products, semi-finished products, promotional material) destroyed externally by subcontractors at the request and expense of the sites (*Affaires Marchés*) in each country;
3. an extrapolation of data relating to site surface areas, for stores and administrative sites with fewer than 50 employees, versus known data for the administrative sites covered by the GRAAL reporting tool.

The L'Oréal for the Future waste target (material recycling and recovery) is calculated on the scope of operated sites, excluding estimates for stores and administrative sites with fewer than 50 employees, as well as L'Oréal products destroyed at suppliers' sites. The calculation includes two additional elements in relation to the E5-5 metrics defined by the CSRD:

1. rotating reusable packaging: reusable packaging is a packaging component (thermoformed packaging, big bags, Akylux boxes) that is reused in a closed loop between a L'Oréal site and a packaging supplier. Each use of this type of packaging is considered a re-use. Reusable packaging represented 20,391 tonnes in 2024;
2. regulations imposing incineration or landfill are removed from the calculation, leading to a reduction of 6,556 tonnes.

Product-related environmental metrics

The sustainability team reporting to the Packaging and Development Operations Department is responsible for packaging metrics.

The Research and Innovation (R&I) team is responsible for metrics concerning ingredients and materials.

E2-4 – Microplastics

L'Oréal assesses the microplastics in the raw materials contained in its formulas in accordance with the definition of the restriction on intentionally added microplastics (Annex XVII of the REACH Regulation). Calculations are performed using the raw material specification systems and the quantities used in production to manufacture the formulas. The quantities of raw materials identified as microplastics are added together and correspond to the percentage compared to the total amount of ingredients, which can be found in section 4.6.4.1.

E2-5 – Substances of very high concern

Substances of very high concern are identified in accordance with the REACH Regulation, based on the list of prospective substances drawn up by the European Chemicals Agency (ECHA). The same substance may be classified in several risk classes, which explains why the total quantity of substances of very high concern may be less than the sum of each class. The calculations are made using specification systems for formulas and production quantities. Formulas are broken down by substance to identify quantities of potential substances of very high concern. The reported figures correspond to the percentage of SVHC compared to the total amount of ingredients, which can be found in section 4.6.4.1.

E5-4 – Outcomes related to resource inflows

The calculations for packaging are based on the packaging and production item specification systems, while the calculations for ingredients are based on the formula specification system. The formulas are broken down into ingredients.

Social metrics

S1 – Own workforce

The Human Relations Department is responsible for indicators and metrics relating to social topics. Most of the data are collected using the "Country reporting" intranet, available in each country where a L'Oréal "subsidiary" is located. This system is input by HR systems (Successfactor or Saphir for employees, All Players for strategic roles and Rembox for monitoring remuneration metrics).

S1-6 – Own workforce

Employee numbers are published in a month-end headcount at 31 December. The scope covers all L'Oréal employees, including non-active employees (in particular those on long-term sick leave, notice of departure, early retirement, extended unpaid leave), as well as interns and apprentices to be considered according to their status under local law.

Employee turnover is calculated as the ratio between the number of permanent employees leaving the company during the year (resignations, retirements, mutual agreements, isolated redundancies or redundancy plans, deaths) and the average number of employees over the year (the number of employees at the beginning of the year plus the number at the end of the year), divided by two.

S1-8 – Collective bargaining coverage and social dialogue

L'Oréal publishes the metrics concerned for member countries of the European Economic Area in accordance with the transitional provisions.

S1-9 – Diversity metrics

As an indication, strategic positions are mainly those held by the participants in the Business Review meeting, namely: (i) the positions of members of the Executive Committee including the position of Chief Executive Officer, (ii) the positions of directors with a direct management link to the Chief Executive Officer, (iii) the positions of Zone General Managers, (iv) the positions of Zone Division General Managers, (v) the positions of country or cluster General Managers, (vi) the positions of International Brand Directors, (vii) the positions of members of Management Committees of Divisions, Zones, Corporate Research & Innovation and Functional Departments with a direct management link to the relevant member of the Executive Committee, (viii) the positions of Division General Managers for the United States, China and France markets, (ix) the positions of IT Directors who are members of Zone Management Committees, (x) the positions of other members of the Management Committee, members of the Executive Committee with the approval of the Chief Executive Officer.

S1-12 – Persons with disabilities

Disability data are based on individual reporting and therefore depend on local legislation and cultures. Some countries do not yet report persons with disabilities, as the cultural environment may prevent people from declaring their disability.

S1-14 – Health and safety metrics

The Operations Department is responsible for the EHS metrics for Group sites. These are reported monthly by each entity in the GRAAL consolidated reporting tool for safety data, which is available in each country where a L'Oréal subsidiary operates. Health and safety reporting includes manufacturing facilities, internal distribution centres, research centres, administrative sites with more than 50 employees, as well as all stores and sales teams.

This reporting system allows all data on work-related accidents within the Group to be collected. Data on work-related accidents are categorised, from fatal accidents (also including deaths due to occupational illness) to first aid. L'Oréal includes all accidents, from fatalities to accidents requiring medical treatment (excluding commuting accidents and first response care) in its frequency and severity rate for accidents at work (eTIR) and in its total number of accidents under the CSRD.

The ISO 45001 certifications covering 97% of manufacturing facilities and the corpus of rules (EHS manual and all associated procedures) applicable to the Group's chief executive officers ensure that 100% of employees are covered by the Health and Safety management system based on legal requirements and/or recognised standards or guidelines.

S1-16 – Remuneration metrics

Gender pay gap

The components of remuneration taken into account are the annualised base salary at 31 December, as well as the variable remuneration received during a given year (bonuses, commission and profit sharing) and any long-term incentive plans (LTIPs) awarded during that year, as calculated at fair value. One-off bonuses, fixed remuneration, shift premiums, car allocations and overtime are not included. For expatriate employees, L'Oréal takes into account the "home country benchmark salary" and the "home country benchmark bonus", not the remuneration in the host country.

Foreign currencies are converted into euros using the exchange rate at 31 December as set by the Group.

The contracts taken into account in the calculations include apprentices and interns if they are defined as employees under standards applicable to the country. Maternity and parental leave as well as long-term sick leave are excluded from the calculation in 2024 but will be included in 2025.

Due to the high proportion of beauty advisors in the Group's workforce (almost 25%), L'Oréal reports pay gaps for two scopes: one excluding beauty advisors and one covering beauty advisors only. The beauty advisor population, 90% of whom are women, has the lowest pay levels in the Group.

Remuneration ratio

The components of remuneration taken into account are the annualised base salary at 31 December, as well as the variable remuneration received during a given year (bonuses, commission and profit sharing) and any long-term incentive plans (LTIPs) awarded during that year, as calculated at fair value. One-off bonuses, fixed remuneration, shift premiums, car allocations and overtime are not included. For expatriate employees, L'Oréal takes into account the "home country benchmark salary" and the "home country benchmark bonus", not the remuneration in the host country.

Foreign currencies are converted into euros using the exchange rate at 31 December as set by the Group.

Expatriates are associated with their home region rather than their host region.

A pay gap ratio by zone is also published, combining emerging and mature countries with a similar cost of living into homogeneous groups.

S1-17 – Incidents, complaints and severe human rights impacts

The Ethics, Risks and Compliance Department is responsible for social metrics relating to (i) reported incidents and complaints of discrimination, including harassment, and (ii) severe human rights incidents connected to the Company's workforce. It works with the Legal Department to identify the fines, penalties and compensation for damages as a result of these incidents and complaints.

Number of incidents/complaints: calculations are based on proven reports identified using established procedures (in particular the Speak Up whistleblowing platform).

Fines, penalties and compensation for damages as a result of incidents: L'Oréal includes fines, penalties and compensation for damages levied by a judicial or administrative authority. Any damages awarded as part of individual settlements are not taken into account insofar as they are strictly confidential and relate to disputed allegations (a dispute must exist for a settlement to be reached).

Other metrics

GOV-1 – The role of the administrative, management and supervisory bodies

Gender equality ratio: this ratio is calculated based on the list of members of the Board of Directors, excluding Directors representing the employees.

4.15 CSRD Annexes

4.15.1 Incorporation of information by reference (ESRS 2 – BP 2 – 16)

Disclosure requirement or data point	Incorporation by reference	Cross-reference	Incorporated into
ESRS 2/GOV-5 36	Description of risk management and internal controls in relation to sustainability reporting	3.4 Preparation and processing of sustainability information	4.1.3
ESRS 2/SBM-1/40 a iii	Headcount of employees by geographical areas	Note 5 in section 5.6 Notes to the consolidated financial statements	4.7.5.1
ESRS 2/SBM-1/40 e	Information on the creation of value for stakeholders	1.3.2 Value chain	4.1.3.3
ESRS 2/SBM-1/42	Description of the business model and value chain	1.3.1 Business model 1.3.2 Value chain	4.1
E1/GOV-3	Description of the sustainability criteria (including climate criteria) used to assess the performance of members of governance bodies	2.4.1.2.1 Remuneration policy applicable to the executive corporate officer 2.4.2.2.2 Annual variable remuneration 2.4.2.2.3 Granting of performance shares	4.1.1
E2-1/14	Description of risk management as part of the policy related to pollution	3.5.4.2 Risks and Applicable Rules to prevent serious adverse impacts on Safety and Health in the workplace and the Environment	4.3.3.2
S1-14/90	Risk assessments via occupational health and safety audits	3.5.5.2 Monitoring compliance with the Vigilance Plan	4.7.2.2.3
S2-4/32d	Monitoring and assessment of the impact of actions on workers' rights (by managing the outcomes of social audits)	3.5.5.2 Monitoring compliance with the Vigilance Plan	4.9.2.1
S2-4/34a	Assessment of key suppliers' social risk management system maturity	3.5.4.1 Risks and Applicable Rules for the prevention of serious violations of Human Rights and Fundamental Freedoms	4.9.2.1
S2-4/36	Transparency on human rights incidents in the value chain	3.5.4.1 Risks and Applicable Rules for the prevention of serious violations of Human Rights and Fundamental Freedoms	4.9.1
G1/GOV-1	Governance of ethical principles	3.2.1 Organisation, environment, controls and surveillance	4.13.2.1

4.15.2 Statement on due diligence (GOV-4)

Core elements of due diligence	Sections in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	4.1.1 Corporate governance: the cornerstone of the Group's transformation
b) Engaging with affected stakeholders in all key steps of the due diligence	4.1.3.2 Importance of continuous stakeholder dialogue
c) Identifying and assessing adverse impacts	4.1.3.1 The Group's double materiality assessment methodology
d) Taking actions to address those adverse impacts	4.1.3.3 Findings of the material topics For each material negative impact, the remediation measures are explained in the second section (policy) and the third section (action plans) of the topic in question.
e) Tracking the effectiveness of these efforts and communicating	4.1.3.3 Findings of the material topics The monitoring of the effectiveness of these efforts is explained in the second section (policy), third section (action plans) and fourth section (quantitative results) of this report.

4.15.3 Disclosure Requirements in ESRS covered by the sustainability statement (ESRS 2 IRO-2 56)

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS 2 **General disclosures**	BP-1: General basis for preparation of the sustainability statements	4.14.1 Scope of consolidation
	BP-2: Disclosures in relation to specific circumstances:	4.14 Methodological notes
	GOV-1: The role of the administrative, management and supervisory bodies	4.1.1. The composition and diversity of the undertaking's administrative, management and supervisory bodies
	GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	4.1.1. The composition and diversity of the undertaking's administrative, management and supervisory bodies
	GOV-3: Integration of sustainability-related performance in incentive schemes	2.4.1.2.1. Diagram showing the balance between the different components of the target annual remuneration
	GOV-4: Statement on due diligence	4.15.2 Statement on due diligence
	GOV-5: Risk management and internal controls over sustainability reporting	3.4. Preparation and processing of sustainability information
	SBM-1: Strategy, business model and value chain	1.3.1 A value-creating model 1.3.2 Value chain
	SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.1.3.3. Findings of the material topics
	IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	4.1.3.1 Methodology
	IRO-2: Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	4.15.3 List of data points in cross-cutting and topical standards derived from other EU legislation in application of ESRS 2, Appendix B
ESRS E1 **Climate change**	ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes	2.4.1.2.1. Diagram showing the balance between the different components of the target annual remuneration
	ESRS 2 IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities	4.2.1 Background
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.1.1 Material climate-related impacts, risks and opportunities
	E1-1: Transition plan for climate change mitigation	4.2.3 Climate transition plan
	E1-2: Policies related to climate change mitigation and adaptation	4.2.3 Climate transition plan 4.2.4 Climate adaptation plan
	E1-3: Actions and resources in relation to climate change policies	4.2.3 Climate transition plan 4.2.4 Climate adaptation plan
	E1-4: Targets related to climate change mitigation and adaptation	4.2.5 Climate outcomes
	E1-5: Energy consumption and mix	4.2.5.2 Outcomes for energy consumption and energy mix (E1-5)
	E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions	4.2.5.3 Outcome of the greenhouse gas emissions assessment (E1-6)
	E1-7: GHG removal and mitigation projects financed through carbon credits	4.2.5.4 GHG removals and GHG mitigation projects financed through carbon credits (E1-7)
	E1-8: Internal carbon pricing	Not material for L'Oréal
	E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phased

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS E2 **Pollution**	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities related to pollution	4.3.1 Background
	E2-1: Pollution-related policies	4.3.2 Pollution-related policies
	E2-2: Actions and resources related to pollution	4.3.3 Action plans in place
	E2-3: Targets related to pollution	4.3.4.3 Other outcomes linked to L'Oréal's own pollution of water
	E2-4: Pollution of air, water and soil	4.3.4 Pollution-related outcomes
	E2-5: Substances of concern and substances of very high concern	4.3.4 Pollution-related outcomes
	E2-6: Anticipated financial effects from pollution-related impacts, risks and opportunities	Phased
ESRS E3 Water resources	ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	4.4.1 Background
	E3-1 – Policies related to water and marine resources	4.4.2 Water policies
	E3-2 – Actions and resources related to water and marine resources	4.4.3 Action plans in place
	E3-3 – Targets related to water and marine resources	*L'Oréal has not set a quantitative target for this issue*
	E3-4 – Water consumption	4.4.4.1 CSRD disclosure requirements relating to water consumption (E3-4)
	E3-5 – Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Phased
ESRS E4 **Biodiversity and ecosystems**	ESRS 2 IRO-1: Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	4.5.1.1 Material biodiversity-related impacts, risks and opportunities
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.5.1.1 Material biodiversity-related impacts, risks and opportunities
	E4-1: Transition plan and consideration of biodiversity and ecosystems in strategy and business model	N/A
	E4-2: Policies related to biodiversity and ecosystems	4.5.2 Policies related to biodiversity
	E4-3: Actions and resources related to biodiversity and ecosystems	4.5.3 Action plans in place
	E4-4: Targets related to biodiversity and ecosystems	*L'Oréal has not set a quantitative target for this issue*
	E4-5: Impact metrics related to change in biodiversity and ecosystems	N/A
	E4-6: Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	Phased
ESRS E5 **Resource use and circular economy**	ESRS 2 IRO-1: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	4.1.3.1 The Group's double materiality assessment methodology
	E5-1: Policies related to resource use and circular economy	4.6.2 Circular economy policies
	E5-2: Actions and resources related to resource use and circular economy	4.6.3 Action plans in place
	E5-3: Targets related to resource use and circular economy	*L'Oréal has not set a quantitative target for this topic*
	E5-4: Resource inflows	4.6.4.1 Outcomes related to resource inflows (E5-4)
	E5-5: Resource outflows	4.6.4.2 Outcomes related to resource outflows (E5-5)
	E5-6: Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Phased

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS S1 **Own workforce**	ESRS 2 SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.1.3.1 The Group's double materiality assessment methodology
	S1-1: Policies related to own workforce	4.7.2.1 Policies 4.7.3.1 Policies 4.7.4.1 Policies 4.8.2 Personal data protection policy
	S1-2: Processes for engaging with own workers and workers' representatives about impacts	4.7.2.1.1 HR policy in the area of social dialogue, freedom of association and collective bargaining
	S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns	4.7.4.1.3 Human rights policy: no violence or harassment in the workplace
	S1-4: Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions and approaches	4.7.2.2 Action plans 4.7.3.2 Action plans 4.7.4.2 Action plans 4.8.3 Action plans in place
	S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	4.7.2.2.3 Ensuring occupational health and safety 4.7.4.2.1 Turning our differences into opportunities
	S1-6: Characteristics of the undertaking's employees	4.7.5.1 Characteristics of the undertaking's employees (S1-6)
	S1-7: Characteristics of non-employee workers in the undertaking's own workforce	Phased
	S1-8: Collective bargaining coverage and social dialogue	4.7.5.2 Collective bargaining coverage and social dialogue (S1-8)
	S1-9: Diversity metrics	4.7.5.3 Diversity metrics (S1-9)
	S1-10: Adequate wages	4.7.5.4 Adequate wages (S1-10)
	S1-11: Social protection	Not material for L'Oréal
	S1-12: Persons with disabilities	4.7.5.5 Persons with disabilities (S1-12)
	S1-13: Training and skills development metrics	Phased
	S1-14: Health and safety metrics	4.7.5.6.1 Health and safety metrics required by ESRS S1-14
	S1-15: Work-life balance metrics	Phased
	S1-16: Remuneration metrics (pay gap and total remuneration)	4.7.5.7 Remuneration metrics (S1-16)
	S1-17: Incidents, complaints and severe human rights impacts	4.7.5.8 Incidents, complaints and severe human rights impacts (S1-17)

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS S2 **Workers in the value chain**	ESRS 2 SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.9.1.1 Material impacts, risks and opportunities related to respect for human rights in the value chain
	S2-1: Policies related to value chain workers	4.9.2 Human rights policies
	S2-2: Processes for engaging with value chain workers about impacts	4.9.3 Action plans in place
	S2-3: Processes to remediate negative impacts and channels for value chain workers to raise concerns	4.9.3 Action plans in place
	S2-4: Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	4.9.3 Action plans in place
	S2-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	*L'Oréal has not set a quantitative target for this topic*
ESRS S3 **Affected communities**	ESRS 2 SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.9.1 Background
	S3-1: Policies related to affected communities	4.9.2 Human rights policies
	S3-2: Processes for engaging with affected communities about impacts	4.9.3 Action plans in place
	S3-3: Processes to remediate negative impacts and channels for affected communities to raise concerns	4.9.3 Action plans in place
	S3-4: Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	4.9.3 Action plans in place
	S3-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	*L'Oréal has not set a quantitative target for this topic*

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS S4 **Consumers and end-users**	ESRS 2 SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.8.1.1 Material impacts, risks and opportunities related to privacy and personal data protection 4.10.1.1 Material impacts, risks and opportunities related to product safety 4.11.1.1 Material impacts, risks and opportunities related to responsible labelling and consumption 4.12.1.1 Material impacts, risks and opportunities related to responsible marketing and advertising
	S4-1: Policies related to consumers and end-users	4.8.2 Personal data protection policy 4.10.2 Quality and safety policy 4.11.2 Policies to help consumers make sustainable choices 4.12.2 A marketing policy that puts responsibility first
	S4-2: Processes for engaging with consumers and end-users about impacts	4.8.3 Action plans in place 4.10.3 Action plan in place 4.11.3 Action plans in place 4.12.3 Action plans in place
	S4-3: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	4.8.3 Action plans in place 4.10.3 Action plan in place 4.11.3 Action plans in place 4.12.3 Action plans in place
	S4-4: Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	4.8.2 Personal data protection policy 4.10.2 Quality and safety policy 4.11.2 Policies to help consumers make sustainable choices 4.12.2 A marketing policy that puts responsibility first
	S4-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	*L'Oréal has not set a quantitative target for this topic*
ESRS G1 **Business conduct**	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities	4.13.1 Background
	G1-1: Business conduct policies and corporate culture	4.13.2 Responsible business conduct policies
	G1-2: Management of relationships with suppliers	4.13.2.2 Policy for responsible relationships with suppliers
	G1-3: Prevention and detection of corruption and bribery	Not material for L'Oréal
	G1-4: Confirmed incidents of corruption or bribery	Not material for L'Oréal
	G1-5: Political influence and lobbying activities	Not material for L'Oréal
	G1-6: Payment practices	4.13.4 Outcomes related to payment practices (G1-6)

4.15.4 List of datapoints in cross-cutting and topical standards that derive from other EU legislation (ESRS 2 Appendix B)

Disclosure Requirement	Data point	Disclosure	Legislative reference	Section
ESRS 2				
GOV-1	21 (d)	Board's gender diversity	SFDR, Benchmark Regulation reference[1]	4.1.1
GOV-1	21 (e)	Percentage of independent Board members	Benchmark Regulation reference	4.1.1
GOV-4	30	Statement on due diligence	SFDR	4.15
SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	SFDR, Pillar 3	Not material for L'Oréal
SBM-1	40 (d) ii	Involvement in activities related to chemical production	SFDR	Not material for L'Oréal
SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	SFDR, Benchmark Regulation reference	Not material for L'Oréal
SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco	Benchmark Regulation reference	Not material for L'Oréal
CLIMATE CHANGE (E1)				
E1-1	14	Transition plan to reach climate neutrality by 2050	EU Climate Law reference	4.2.3
E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks	Pillar 3, Benchmark Regulation reference	Not material for L'Oréal
E1-4	34	GHG emission reduction targets	SFDR, Pillar 3, Benchmark Regulation reference	4.2.3.1
E1-5	37	Energy consumption and mix	SFDR	4.2.5.2
E1-5	38	Energy consumption from fossil sources disaggregated by sources	SFDR	4.2.5.2
E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	SFDR	4.2.5.2
E1-6	44	Gross Scopes 1, 2 & 3 and Total GHG emissions	SFDR, Pillar 3, Benchmark Regulation reference	4.2.5.3
E1-6	53-55	Gross GHG emissions intensity	SFDR, Pillar 3, Benchmark Regulation reference	4.2.5.3
E1-7	56	GHG removals and carbon credits	EU Climate Law reference	Not material for L'Oréal
E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks	Benchmark Regulation reference	Phased
E1-9	66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk	Pillar 3	Phased
E1-9	66 (c)	Location of significant assets at material physical risk	Pillar 3	Phased
E1-9	67 (c)	Breakdown of the carrying value of real estate assets by energy-efficiency classes	Pillar 3	Phased
E1-9	69	Degree of exposure of the portfolio to climate-related opportunities	Benchmark Regulation reference	Phased
POLLUTION (E2)				
E2-4	28	Quantity of material pollutants from Annex II of the E-PRTR regulation	SFDR	4.3.4

Disclosure Requirement	Data point	Disclosure	Legislative reference	Section
WATER RESOURCES (E3)				
E3-1	9	Water and marine resources	SFDR	4.4.1.1
E3-1	13	Dedicated policy	SFDR	4.4.2
E3-1	14	Sustainable oceans and seas	SFDR	Not material for L'Oréal
E3-4	28 (c)	Total water recycled and reused	SFDR	4.4.4.1
E3-4	29	Total water consumption in m^3 per net revenue on own operations	SFDR	4.4.4.1
BIODIVERSITY (E4)				
ESRS 2 - IRO 1 - E4	16 (a) i	List of material sites in own operations: activities negatively affecting biodiversity	SFDR	Not material for L'Oréal
ESRS 2 - IRO 1 - E4	16 (b)	Identification of material negative impacts with regards to land degradation, desertification or soil sealing	SFDR	Not material for L'Oréal
ESRS 2 - IRO 1 - E4	16 (c)	Operations that affect threatened species	SFDR	Not material for L'Oréal
E4	24 (b)	Sustainable land/agriculture practices or policies	SFDR	4.5.2/4.9.2.2
E4	24 (c)	Sustainable oceans/seas practices or policies	SFDR	Not material for L'Oréal
E4	24 (d)	Policies to address deforestation	SFDR	4.5.2/4.9.2.2
RESOURCE USE AND CIRCULAR ECONOMY (E5)				
E5-5	37 (d)	Non-recycled waste	SFDR	4.6.4.2
E5-5	39	Hazardous waste	SFDR	4.6.4.2
E5-5	39	Radioactive waste	SFDR	Not material for L'Oréal
OWN WORKFORCE (S1)				
ESRS 2 - SBM3 - S1	14 (f)	Risk of incidents of forced labour	SFDR	Not material for L'Oréal
ESRS 2 - SBM3 - S1	14 (g)	Risk of incidents of child labour	SFDR	Not material for L'Oréal
S1-1	20	Human rights policy commitments	SFDR	4.7.2.1.1/ 4.7.4.1.3
S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Benchmark Regulation reference	4.7.2.1.1
S1-1	22	Processes and measures for preventing trafficking in human beings	SFDR	Not material for L'Oréal
S1-1	23	Workplace accident prevention policy or management system	SFDR	4.7.2.1.3/ 4.7.2.2.3
S1-3	32 (c)	Availability of a grievance/complaints handling mechanism	SFDR	4.7.1.2/4.13.2
S1-14	88 b-c	Number of fatalities and number and rate of work-related accidents	SFDR, Benchmark Regulation reference	4.7.5.6.1
S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	SFDR	4.7.5.6.1
S1-16	97 (a)	Unadjusted gender pay gap	SFDR, Benchmark Regulation reference	4.7.5.7
S1-16	97 (b)	Excessive CEO pay ratio	SFDR	4.7.5.7
S1-17	103 (a)	Incidents of discrimination	SFDR	4.7.5.8
S1-17	104	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR, Benchmark Regulation reference	4.7.5.8

Disclosure Requirement	Data point	Disclosure	Legislative reference	Section
WORKERS IN THE VALUE CHAIN (S2)				
ESRS 2 - SBM3 - S2	11	Significant risk of child labour or forced labour in the value chain	SFDR	4.1.3.2/4.9.1.1
S2-1	17	Human rights policy commitments	SFDR	4.9.2.1
S2-1	17	Policies related to value chain workers	SFDR	4.9.2.1
S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR, Benchmark Regulation reference	4.9.2.1
S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Benchmark Regulation reference	4.9.2.1
S2-4	36	Human rights issues and incidents connected to the upstream and downstream value chain	SFDR	3.5.4.1
AFFECTED COMMUNITIES (S3)				
S3-1	16	Human rights policy commitments	SFDR	4.9.2.1
S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles and/or OECD guidelines	SFDR, Benchmark Regulation reference	4.9.2.1
S3-4	36	Human rights issues and incidents	SFDR	N/A
CONSUMERS AND END-USERS (S4)				
S4-1	16	Policies related to consumers and end-users	SFDR	4.8.2/ 4.10.2/ 4.11.2/ 4.12.2
S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR, Benchmark Regulation reference	N/A
S4-4	35	Human rights issues and incidents	SFDR	N/A
BUSINESS CONDUCT (G1)				
G1-1	10	United Nations Convention against Corruption	SFDR	Not material for L'Oréal
G1-1	10 (d)	Protection of whistleblowers	SFDR	4.13.2.1/ 4.13.3.1
G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	SFDR, Benchmark Regulation reference	Not material for L'Oréal
G1-4	24 (b)	Standards of anti-corruption and anti-bribery	SFDR	Not material for L'Oréal

(1) Delegated Regulation (EU) 2020/1816, Annex II

4.16 Issuance of a sustainability-linked bond

On 22 March 2022, the Group issued its first sustainability-linked bond (SLB). This fixed-rate issue, which has a maturity of four years and three months and amounts to €1,250 million, is accompanied by a coupon of 0.875% per year. It is aligned with the Group's Sustainability-Linked Financing Framework, which covers all financial instruments with characteristics that are linked to the sustainability objectives. The bond was established with reference to the 2020 SLB Principles as defined by the International Capital Market Association. The Group's Sustainability-Linked Financing Framework was independently assessed by Sustainalytics, an organisation that evaluates the sustainability of listed companies, which noted contributions to three of the United Nations Sustainable Development Goals. The financial characteristics of the SLB are linked to three performance objectives that are related to sustainability. These objectives are presented below along with their 2024 level of achievement in relation to the objectives for 2025.

Performance objectives	2024 outcomes	2025 target
All L'Oréal operated sites will achieve 100% renewable energy[1] (formerly known as "carbon neutral") by 31 December 2025.	96%	100%
Greenhouse gas emissions (Scopes 1, 2 & 3) on a "cradle-to-shelf" scope will be reduced by 14% per product sold by 2025 compared to the 2021 base year[2].	436g of CO_2 per product sold	-14%
By 2025, 50% of the Group's plastic packaging will be recycled or biobased.	37%	50%

(1) A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2eq/year; and indirect market-based CO_2 (Scope 2) = 0.

(2) The CO_2 emissions by product sold in this cradle-to-shelf scope exclude emissions from Aēsop sites and products.

4.17 Glossary of acronyms and initialisms used in the Sustainability Report

ACA: Conditional share grant

ASD: Action for Sustainable Derivatives (sustainable palm oil initiative)

BAC: Biobased, derived from abundant materials or from circular processes

B4B+: Business for Positive Biodiversity

BRGM: Bureau de recherches géologiques et minières (French geological and mining research bureau)

CAFFCI: China Association of Fragrance Flavour and Cosmetic Industries

CAPEX: Capital expenditure

CDP: Carbon Disclosure Project, a non-profit organisation that provides an environmental reporting framework for the private and public sectors

CEMS: Community of European Management Schools and International Companies

CFC: Chlorofluorocarbons

CHERIE: Checklist for the harmonisation of fire and explosion risk assessments

CIF: Circular Innovation Fund

CIRAIG: International reference centre for the life cycle of products, processes and services

NMVOC: Non-Methane Volatile Organic Compounds

CPGS: Corporate Procurement Guideline for Suppliers

CRHR: Human Resources and Remuneration Committee

CSRD: Corporate Sustainability Reporting Directive

CSDDD: Corporate Sustainability Due Diligence Directive

CTPA: Cosmetic, Toiletry & Perfumery Association

COD: Chemical Oxygen Demand

DNSH: Do No Significant Harm

EEA: European Economic Area

EDGE: Economic Dividends for Gender Equality

EHS: Environment, Health and Safety

E-PRTR: European Pollutant Release and Transfer Register

ERGO: EndocRine Guideline Optimisation

ESG: Environmental, Social and Governance

ESRS: European Sustainability Reporting Standards

EF: Emission factors

FEATS: French Endocrine-related Adverse effects Testing Strategy

FEBEA: Fédération des Entreprises de la Beauté (French federation of beauty companies)

FLA: Fair Labor Association

FPIC: Free, Prior and Informed Consent

FSC: Forest Stewardship Council

GEEIS: Gender Equality European International Standard

GHG: Greenhouse gases

GHAP: Global Hazard Analysis Process

IPCC: Intergovernmental Panel on Climate Change

GRAAL: Global Reporting And Analysis for L'Oréal (internal reporting tool)

GW: Goodwill

HESI: Health and Environmental Sciences Institute

HDI: The Sustainable Trade Initiative

IFRS 16: International Financial Reporting Standard 16, Leases

(1) Sites operated by the Group, excluding site safety and security equipment.

IP Proterra: Proterra International Procurement Program

IUCN: International Union for Conservation of Nature

LGPD: Brazilian general law on the protection of personal data

LIM: L'Oréal Incident Management

LIFE: Life-changing Incidents or Fatality Events

MECL: Mutual Ethical Commitment Letter

MESUR: French synonym for manage efficiently using recognition and realignment.

MSA.ha: Mean Species Abundance per hectare

NACE: Statistical classification of economic activities in the European Community

OECD: Organisation for Economic Co-operation and Development

ILO: International Labour Organization

NGO: Non-Governmental Organisation

OP2B: One Planet Business for Biodiversity

OpEx: Operating expenditure

OPTICIP: OPTImisation Cleaning In Place (method for cleaning industrial equipment)

PEFC: Programme for the Endorsement of Forest Certification schemes

PESTEL: Political, Economic, Social, Technological, Environmental, and Legal (analysis of macro-environmental factors)

SMP: Solvent Management Plan

PIPL: Personal Information Protection Law (China)

POS advertising: Point-of-sale advertising

POS1: Point-of-sale advertising of other liquid-based products (e.g., samples, testers or trial sizes)

POS2: Point-of-sale advertising of other liquid-free products (e.g., displays or posters)

PSF: Platform for Sustainable Finance

PSM: Process Safety Management

R&I: Research and Innovation

RCP: Representative Concentration Pathways (scenarios for changes in greenhouse gas concentrations)

EPR: Extended Producer Responsibility

GDPR: General Data Protection Regulation

HR: Human Relations

RSPO: Roundtable on Sustainable Palm Oil

RTRS: Round Table on Responsible Soy association

SA 8000: Social Accountability 8000 (international standard for social responsibility)

SAC: Safety Awareness Communication

SBTi: Science Based Targets initiative (for reducing emissions)

SCAN index: Sustainability Consortium Assessment index

SFDR: Sustainable Finance Disclosure Regulation

SHAP: Site Hazard Analysis Process

SIO: Safety Improvement Opportunity

SOC: Substances Of Concern

SPOT: Sustainable Product Optimisation Tool

STAR: Species Threat Abatement and Recovery (biodiversity metric)

SVHC: Substances of Very High Concern

TCFD: Task Force on Climate-related Financial Disclosures

LTIR: Lost Time Injury Rate (for accidents)

eTIR: Enlarged Total Incident Rate (number of accidents with and without lost time for L'Oréal employees and temporary workers, per million hours worked)

TNFD: Taskforce on Nature-related Financial Disclosures

UNGP: United Nations Guiding Principles on business and human rights

VIE: French international business internship

WFA: World Federation of Advertisers

WPS: Worldwide Profit Sharing

4.18 Statutory Auditors' report

Report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2024

This is a free translation into English of the Statutory Auditors' report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

To the Annual General Meeting of L'Oréal,

This report is issued in our capacity as statutory auditors of L'Oréal. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2024 and presented in Chapter 4 "Sustainability Report" of the management report, included in the universal registration document (hereinafter the "Sustainability Report").

Pursuant to Article L. 233-28-4 of the French Commercial Code, L'Oréal is required to include the above-mentioned information in a separate section of its management report. This information has been prepared in the context of the first-time application of the aforementioned Articles, a context characterized by uncertainties regarding the interpretation of the laws and regulations, the use of significant estimates, the absence of established practices and frameworks in particular for the double-materiality assessment, and an evolving internal control system. This information enables an understanding of the impact of the activity of the Group on sustainability matters, as well as the way in which these matters influence the development of the business of the Group, its performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to Article L. 821-54 paragraph II of the aforementioned Code, our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to Article 29 b of Directive (EU) 2013/34 of the European Parliament and of the Council of 14 December 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by L'Oréal to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code;
- compliance of the sustainability information included in the Sustainability Report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS; and
- compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including independence, and quality control rules prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on *Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852*.

In the three separate sections of the report that follow, we present, for each of the sections of our engagement, the nature of the procedures that we carried out, the conclusions that we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures that we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken individually and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three sections of our engagement.

Finally, where deemed necessary to draw your attention to one or more disclosures of sustainability information provided by L'Oréal in its management report, we have included an emphasis of matter(s) paragraph hereafter.

Limits of our engagement

As the purpose of our engagement is to express limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

Furthermore, this engagement does not provide a guarantee regarding the viability or the quality of the management of L'Oréal, in particular it does not provide an assessment, of the relevance of the choices made by L'Oréal in terms of action plans, targets, policies, scenario analyses and transition plans, which would go beyond compliance with the ESRS reporting requirements.

It does, however, allow us to express conclusions regarding the Entity's process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Any comparative information that would be included in the management report is not covered by our engagement.

Compliance with the ESRS of the process implemented by L'Oréal to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by L'Oréal has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities, that lead to the publication of information disclosed in the Sustainability Report, and
- the information provided on this process also complies with the ESRS.

We also checked the compliance with the requirement to consult the social and economic committee.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by L'Oréal with the ESRS.

We inform you that, as of the date of this report, the consultation of the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code has not yet been performed.

Elements that received particular attention

We present hereafter the elements that have been the subject of particular attention on our part concerning the compliance with the ESRS of the process implemented by L'Oréal to determine the information published.

Information relating to the identification of stakeholders and impacts, risks and opportunities, as well as to the assessment of impact materiality and financial materiality, is mentioned in the "4.1.3 The Group's double materiality analysis: mapping of impacts, risks and opportunities" section of the Sustainability Report.

Concerning the identification of stakeholders

We obtained an understanding of the analysis carried out by the Entity to identify the stakeholders who may affect the entities in the scope of the information or may be affected by them, through their activities and direct or indirect business relationships in the value chain.

We interviewed the Sustainability and Legal departments and reviewed the available documentation. In particular, our work consisted in assessing the consistency of the main stakeholders identified by the Entity with the nature of its activities and its geographical location, taking into account its business relationships and value chain.

Concerning the identification of impacts, risks and opportunities

We obtained an understanding of the process implemented by the Group to identify actual or potential impacts (negative or positive), risks and opportunities ("IRO") in relation to the sustainability issues mentioned in paragraph AR 16 of the "Application requirements" of ESRS 1.

In particular, we assessed the approach implemented by the Entity to determine its impacts and dependencies, which may be a source of risks or opportunities.

Concerning the assessment of impact materiality and financial materiality

Through interviews with the Finance, Legal and Sustainability departments and a review of available documentation, we obtained an understanding of the impact materiality and financial materiality assessment process implemented by the Entity, and assessed its compliance with the criteria defined by ESRS 1.

In particular, we assessed the way in which the Entity established and applied the materiality criteria for the information defined by ESRS 1, including those relating to the setting of thresholds, to determine the information to be published under the indicators relating to material IROs identified in accordance with the relevant thematic ESRS.

Compliance of the sustainability information included in the Sustainability Report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided enable an understanding of the general basis for the preparation and governance of the sustainability information included in the Sustainability Report, including the basis for determining the information relating to the value chain and the exemptions from disclosures used;
- the presentation of this information ensures its readability and understandability;
- the scope chosen by L'Oréal for providing this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, this information does not contain any material errors, omissions or inconsistencies, i.e. that are likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the Sustainability Report, with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the information provided in the "Uncertainties and limitations" paragraph presented in section 4.14.1 of the Sustainability Report, which highlights the uncertainties and limitations characterizing the first-time application of Article L. 233-28-4 of the French Commercial Code.

Elements that received particular attention

Information provided in application of environmental standard ESRS E1

The information published in respect of climate change (ESRS E1) is mentioned in section 4.2 of the Sustainability Report.

We present hereafter the elements that have been the subject of particular attention on our part concerning the ESRS compliance of this information.

On the basis of interviews with the Sustainability, Environment and Finance departments, we assessed whether the description of the policies, actions and targets implemented by the Entity cover the following areas: climate change mitigation and adaptation.

With regard to the information presented by the Entity concerning **the greenhouse gas emissions balance:**

- we obtained an understanding of the protocol to prepare the greenhouse gas inventory used by the Entity and assessed its application methods, for a selection of emission categories and sites, for scopes 1 and 2;
- with regard to scope 3 emissions, we assessed:
  - the justification for the inclusion and exclusion of the various categories, and the transparency of the information provided in this respect,
  - the information collecting process;
- we assessed the appropriateness of the emission factors used and the calculation of the related conversions, as well as the calculation and extrapolation assumptions, taking into account the uncertainty inherent in the state of scientific or economic knowledge and in the quality of the external data used;
- for directly measurable data, such as energy consumption linked to scopes 1 and 2 emissions, we reconciled, on the basis of tests, the underlying data used to calculate greenhouse gas emissions with the supporting documents.

With regard to the audits of **the climate change mitigation transition plan**, our procedures mainly consisted in:

- assessing the information provided in 4.2.2 concerning the approval of this transition plan by the corporate governance bodies referred to therein;
- assessing whether the information presented in the climate transition plan meets the requirements of ESRS E1 and provides an appropriate description of the structuring assumptions underlying this plan, it being specified that we are not required to express an opinion on the appropriateness or the level of ambition of the objectives of this transition plan.

Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by L'Oréal to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- the compliance with the rules applicable to the presentation of this information to ensure that it is readable and understandable;
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e. information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies relating to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We determined that there were no such items to disclose in our report..

Paris-La Défense, March 17, 2025

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS		ERNST & YOUNG AUDIT
David Dupont-Noel	Catherine Saire	Céline Eydieu-Boutté

5 — 2024 Consolidated Financial Statements AFR

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AFR *This information is an integral part of the Annual Financial Report.*

CSRD *Sections containing information from the Sustainability Report.*

L'Oréal S.A. is a French company, with its head office in France. It acts as a holding company and provides strategic coordination, particularly for brands, as well as R&I and Tech coordination for the L'Oréal Groupe throughout the world. At the same time, it performed a sales activity until this activity was subsidiarised on 1 July 2023 to the companies L'Oréal France and L'Oréal International Distribution, as approved by the Annual General Meeting of 21 April 2023 in its 19th and 20th resolutions.

The subsidiaries operate the Group's business activities in the countries or region(s) in which they are located, on the domestic or the export markets. To do so, they define the development strategy specific to their market(s), make the most suitable choices in terms of consumer targets and distribution channels, and manufacture, directly or indirectly, and market the brands they decide to sell on their market(s).

Almost all of the subsidiaries are owned by L'Oréal S.A. which has a holding or control percentage equal or close to 100%.

The financial statements set out in this chapter present the results of the L'Oréal Groupe as a whole, including all subsidiaries.

The Statutory Auditors' report on the consolidated financial statements can be found at the end of this chapter.

5.1 Compared Consolidated Income Statements

€ millions	Notes	2024	2023	2022
Net sales	**3.1**	**43,486.8**	**41,182.5**	**38,260.6**
Cost of sales		(11,227.0)	(10,767.0)	(10,577.4)
Gross profit		**32,259.8**	**30,415.5**	**27,683.3**
Research & Innovation expenses		(1,354.7)	(1,288.9)	(1,138.6)
Advertising and promotion expenses		(14,008.9)	(13,356.6)	(12,059.0)
Selling, general and administrative expenses		(8,208.7)	(7,626.7)	(7,028.8)
Operating profit	**3.1**	**8,687.5**	**8,143.3**	**7,456.9**
Other income and expenses	4	(437.7)	(449.9)	(241.5)
Operational profit		**8,249.8**	**7,693.4**	**7,215.4**
Finance costs on gross debt		(373.4)	(226.7)	(70.4)
Finance income on cash and cash equivalents		148.7	162.1	69.8
Finance costs, net		**(224.7)**	**(64.6)**	**(0.6)**
Other financial income and expenses	9.4	(36.7)	(48.8)	(72.3)
Sanofi dividends		444.5	420.9	468.2
Profit before tax and associates		**8,432.9**	**8,001.0**	**7,610.6**
Income tax	6	(2,015.1)	(1,810.6)	(1,899.4)
Share of profit in associates		(1.3)	0.2	1.4
Net profit		**6,416.5**	**6,190.5**	**5,712.6**
Attributable to:				
• owners of the Company		6,408.7	6,184.0	5,706.6
• non-controlling interests		7.8	6.5	6.0
Earnings per share attributable to owners of the Company *(euros)*	11.4	11.99	11.55	10.65
Diluted earnings per share attributable to owners of the Company *(euros)*	11.4	11.95	11.52	10.61
Earnings per share attributable to owners of the Company, excluding non-recurring items (euros)	11.4	12.70	12.11	11.30
Diluted earnings per share attributable to owners of the Company, excluding non-recurring items (euros)	11.4	12.66	12.08	11.26

5.2 Consolidated Statement of Comprehensive Income

€ millions	Notes	2024	2023	2022
Consolidated net profit for the period		**6,416.5**	**6,190.5**	**5,712.6**
Cash flow hedges		(77.1)	(137.3)	288.5
Cumulative translation adjustments		260.6	(425.8)	195.1
Income tax on items that may be reclassified to profit or loss(1)		4.1	22.7	(58.0)
Items that may be reclassified to profit or loss		**187.7**	**(540.3)**	**425.6**
Financial assets at fair value through other comprehensive income	9.3	1,144.9	(76.3)	152.1
Actuarial gains and losses	11.3	154.2	(119.3)	395.6
Income tax on items that may not be reclassified to profit or loss(1)		(72.5)	28.9	(111.5)
Items that may not be reclassified to profit or loss		**1,226.6**	**(166.7)**	**436.2**
Other comprehensive income		**1,414.3**	**(707.0)**	**861.8**
CONSOLIDATED COMPREHENSIVE INCOME		**7,830.8**	**5,483.6**	**6,574.4**
Attributable to:				
• owners of the Company		7,823.2	5,477.7	6,567.6
• non-controlling interests		7.5	5.9	6.8

(1) The tax effect is as follows:

€ millions	2024	2023	2022
Cash flow hedges	4.1	22.7	(58.0)
Items that may be reclassified to profit or loss	**4.1**	**22.7**	**(58.0)**
Financial assets at fair value through other comprehensive income	(33.3)	(1.3)	(6.1)
Actuarial gains and losses	(39.2)	30.2	(105.5)
Items that may not be reclassified to profit or loss	**(72.5)**	**28.9**	**(111.5)**
TOTAL	**(68.3)**	**51.6**	**(169.5)**

5.3 Compared Consolidated Balance Sheets

ASSETS

€ millions	Notes	31.12.2024	31.12.2023	31.12.2022
Non-current assets		**39,879.9**	**35,529.7**	**32,794.5**
Goodwill	7.1	13,382.0	13,102.6	11,717.7
Other intangible assets	7.2	4,594.8	4,287.1	3,640.1
Right-of-use assets	3.2	1,763.2	1,692.4	1,482.7
Property, plant and equipment	3.2	4,202.0	3,867.7	3,481.7
Non-current financial assets	9.3	14,838.1	11,631.6	11,652.8
Investments accounted for under the equity method	8	126.4	27.0	18.4
Deferred tax assets	6.3	973.3	921.2	801.1
Current assets		**16,473.5**	**16,325.4**	**14,049.6**
Inventories	3.3	4,630.1	4,482.4	4,079.4
Trade accounts receivable	3.3	5,601.8	5,092.7	4,755.5
Other current assets	3.3	1,955.3	2,270.6	2,423.2
Current tax assets		234.1	191.6	173.9
Cash and cash equivalents	9.2	4,052.3	4,288.1	2,617.7
TOTAL		**56,353.4**	**51,855.1**	**46,844.2**

EQUITY & LIABILITIES

€ millions	Notes	31.12.2024	31.12.2023	31.12.2022
Equity	**11**	**33,137.8**	**29,081.6**	**27,186.5**
Share capital		106.9	106.9	107.0
Additional paid-in capital		3,444.3	3,370.2	3,368.7
Other reserves		16,144.8	13,799.1	11,675.6
Other comprehensive income		7,277.8	6,123.8	6,404.4
Cumulative translation adjustments		(249.2)	(509.6)	(83.8)
Treasury shares		—	—	—
Net profit attributable to owners of the Company		6,408.7	6,184.0	5,706.6
Equity attributable to owners of the Company		**33,133.3**	**29,074.3**	**27,178.5**
Non-controlling interests		4.5	7.3	8.0
Non-current liabilities		**8,579.6**	**7,873.8**	**5,937.9**
Provisions for employee retirement obligations and related benefits	5.4	668.9	562.0	457.9
Provisions for liabilities and charges	12.1	76.8	68.8	67.7
Non-current tax liabilities	6	224.3	255.7	275.6
Deferred tax liabilities	6.3	964.5	846.6	905.6
Non-current borrowings and debt	9.1	5,187.1	4,746.7	3,017.6
Non-current lease debt	9.1	1,458.0	1,394.2	1,213.5
Current liabilities		**14,636.0**	**14,899.7**	**13,719.6**
Trade accounts payable		6,468.5	6,347.0	6,345.6
Provisions for liabilities and charges	12.1	1,093.1	977.2	1,205.6
Other current liabilities	3.4	4,949.6	4,816.1	4,484.6
Income tax		275.1	208.1	264.2
Current borrowings and debt	9.1	1,381.3	2,091.5	1,012.8
Current lease debt	9.1	468.6	459.8	407.0
TOTAL		**56,353.4**	**51,855.1**	**46,844.2**

5.4 Consolidated Statements of Changes in Equity

€ millions	Common shares outstanding	Capital	Additional paid-in capital	Retained earnings and net profit[1]	Other comprehen-sive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the Company	Non-controlling interests	Total equity
At 31.12.2021	**535,412,360**	**111.5**	**3,265.6**	**23,689.3**	**5,738.6**	**(8,940.2)**	**(279.1)**	**23,585.7**	**6.9**	**23,592.6**
Impact of the application of the IFRIC decision on SaaS contracts				(151.2)				(151.2)		(151.2)
At 01.01.2022[1]	**535,412,360**	**111.5**	**3,265.6**	**23,538.1**	**5,738.6**	**(8,940.2)**	**(279.1)**	**23,434.5**	**6.9**	**23,441.4**
Consolidated net profit for the period				5,706.6				5,706.6	6.0	5,712.6
Cash flow hedges					229.7			229.7	0.8	230.5
Cumulative translation adjustments							195.3	195.3	(0.2)	195.1
Other comprehensive income that may be reclassified to profit and loss					**229.7**		**195.3**	**425.0**	**0.6**	**425.6**
Financial assets at fair value through other comprehensive income					146.1			146.1		146.1
Actuarial gains and losses					290.0			290.0	0.1	290.1
Other comprehensive income that may not be reclassified to profit and loss					**436.1**			**436.1**	**0.1**	**436.2**
Consolidated comprehensive income				**5,706.6**	**665.8**		**195.3**	**6,567.6**	**6.8**	**6,574.4**
Capital increase	1,317,073	0.3	103.1	(0.2)				103.2		103.2
Cancellation of Treasury shares		(4.8)		(9,437.7)		9,442.5		—		—
Dividends paid (not paid on Treasury shares)				(2,601.2)				(2,601.2)	(4.4)	(2,605.6)
Share-based payment				169.0				169.0		169.0
Net changes in Treasury shares	(1,542,871)					(502.3)		(502.3)		(502.3)
Changes in the scope of consolidation								—		—
Other movements[1]				7.6		—		7.6	(1.2)	6.4
At 31.12.2022	**535,186,562**	**107.0**	**3,368.7**	**17,382.2**	**6,404.4**	**—**	**(83.8)**	**27,178.5**	**8.0**	**27,186.5**
Consolidated net profit for the period				6,184.0				6,184.0	6.5	6,190.5
Cash flow hedges					(113.9)			(113.9)	(0.6)	(114.5)
Cumulative translation adjustments							(425.9)	(425.9)	0.1	(425.8)
Other comprehensive income that may be reclassified to profit and loss					**(113.9)**		**(425.9)**	**(539.8)**	**(0.6)**	**(540.3)**
Financial assets at fair value through other comprehensive income					(77.5)			(77.5)		(77.5)
Actuarial gains and losses					(89.2)			(89.2)		(89.2)
Other comprehensive income that may not be reclassified to profit and loss					**(166.7)**			**(166.7)**	**—**	**(166.7)**
Consolidated comprehensive income				**6,184.0**	**(280.6)**		**(425.9)**	**5,477.6**	**5.9**	**5,483.6**
Capital increase	810,545	0.2	1.5	—				1.7		1.7
Cancellation of Treasury shares		(0.3)		(503.2)		503.3		(0.2)		(0.2)
Dividends paid (not paid on Treasury shares)				(3,248.4)				(3,248.4)	(6.2)	(3,254.6)
Share-based payment				168.5				168.5		168.5
Net changes in Treasury shares	(1,271,632)					(503.3)		(503.3)		(503.3)
Changes in the scope of consolidation								—		—
Other movements				(0.1)				(0.1)	(0.4)	(0.6)
At 31.12.2023	**534,725,475**	**106.9**	**3,370.2**	**19,983.1**	**6,123.8**	**—**	**(509.6)**	**29,074.3**	**7.3**	**29,081.6**

(1) *After taking account of the IFRIC final decision in April 2021 on set-up and customisation costs for SaaS-type contracts software.*

€ millions	Common shares outstanding	Capital	Additional paid-in capital	Retained earnings and net profit	Other comprehen-sive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the Company	Non-controlling interests	Total equity
At 31.12.2023	**534,725,475**	**106.9**	**3,370.2**	**19,983.1**	**6,123.8**	**—**	**(509.6)**	**29,074.3**	**7.3**	**29,081.6**
Consolidated net profit for the period				6,408.7				6,408.7	7.8	6,416.5
Cash flow hedges					(72.5)			(72.5)	(0.4)	(72.9)
Cumulative translation adjustments							260.4	260.4	0.2	260.6
Other comprehensive income that may be reclassified to profit and loss					**(72.5)**		**260.4**	**187.9**	**(0.2)**	**187.7**
Financial assets at fair value through other comprehensive income					1,111.6			1,111.6		1,111.6
Actuarial gains and losses					115.0			115.0		115.0
Other comprehensive income that may not be reclassified to profit and loss					**1,226.6**			**1,226.6**	**—**	**1,226.6**
Consolidated comprehensive income				**6,408.7**	**1,154.1**		**260.4**	**7,823.2**	**7.5**	**7,830.8**
Capital increase	895,103	—	69.8					69.9		69.9
Cancellation of Treasury shares		(0.1)		(497.4)		497.5		—		—
Dividends paid (not paid on Treasury shares)				(3,565.1)				(3,565.1)	(7.1)	(3,572.1)
Share-based payment				239.1				239.1		239.1
Net changes in Treasury shares	(1,308,557)					(497.5)		(497.5)		(497.5)
Changes in the scope of consolidation								—		—
Other movements			4.3	(14.9)				(10.6)	(3.2)	(13.8)
AT 31.12.2024	**534,312,021**	**106.9**	**3,444.3**	**22,553.5**	**7,277.8**	**—**	**(249.2)**	**33,133.3**	**4.5**	**33,137.8**

5.5 Compared Consolidated Statements of Cash Flows

€ millions	Notes	2024	2023	2022
Cash flows from operating activities				
Net profit attributable to owners of the Company		6,408.7	6,184.0	5,706.6
Non-controlling interests		7.8	6.5	6.0
Elimination of expenses and income with no impact on cash flows:				
• depreciation, amortisation, provisions and non-current tax liabilities[1]		1,855.3	1,715.0	1,536.1
• changes in deferred taxes	6.1	(37.4)	(95.3)	(96.5)
• share-based payment (including free shares)	5.5	239.1	168.5	169.0
• capital gains and losses on disposals of assets		15.2	6.9	7.6
Other non-cash transactions		21.1	14.1	(38.7)
Share of profit in associates net of dividends received		2.9	(0.2)	(0.5)
Gross cash flow		**8,512.6**	**7,999.5**	**7,289.6**
Changes in working capital[1]	3.5	(226.6)	(394.9)	(1,011.3)
Net cash provided by operating activities (A)[2]		**8,286.0**	**7,604.6**	**6,278.3**
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible assets		(1,641.7)	(1,488.7)	(1,343.2)
Disposals of property, plant and equipment and intangible assets		13.6	12.8	9.2
Changes in other financial assets (including investments in non-consolidated companies)		(1,927.0)	(170.7)	(142.8)
Effect of changes in the scope of consolidation	2.2	(148.9)	(2,497.2)	(746.9)
Net cash from investing activities (B)		**(3,703.9)**	**(4,143.7)**	**(2,223.8)**
Cash flows from financing activities				
Dividends paid		(3,614.9)	(3,425.6)	(2,689.9)
Capital increase of the parent company		69.9	1.5	103.2
Disposal/(acquisition) of Treasury shares		(497.5)	(503.3)	(502.3)
Purchase of non-controlling interests		(13.9)	—	—
Issuance/(repayment) of short-term loans		(1,775.9)	(823.7)	(3,563.8)
Issuance of long-term borrowings		1,529.4	3,567.1	3,019.9
Repayment of long-term borrowings		(7.9)	—	—
Repayment of lease debt		(474.3)	(430.6)	(446.9)
Net cash from financing activities (C)		**(4,785.1)**	**(1,614.6)**	**(4,079.9)**
Net effect of changes in exchange rates and fair value (D)		(32.8)	(175.9)	(70.7)
Change in cash and cash equivalents (A+B+C+D)		**(235.8)**	**1,670.4**	**(96.1)**
Cash and cash equivalents at beginning of the year (E)		**4,288.1**	**2,617.7**	**2,713.8**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**9.2**	**4,052.3**	**4,288.1**	**2,617.7**

(1) Following the outcome in 2023 of the dispute with the French Competition Authority, the reversal of the provision and the reversal of the debt for the same amount of €189.5 million were presented in operations without impact on cash flow.
(2) Including:

€ millions	2024	2023	2022
Income tax paid	2,024.4	1,995.7	2,098.7
Interest paid (excluding interest on lease debts)	323.1	184.9	28.4
Dividends received from non consolidated companies	447.6	423.6	471.8
Cash outflow relating to leases	611.7	539.2	570.3
of which paid interests on lease debts	58.9	43.8	38.1

5.6 Notes to the Consolidated Financial Statements

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Note 1 Accounting principles

The consolidated financial statements of L'Oréal and its subsidiaries ("the Group") published for 2024, have been prepared in accordance with *International Financial Reporting Standards* (IFRS), as adopted in the European Union as of 31 December 2024.

On 6 February 2025, the Board of Directors closed the consolidated financial statements at 31 December 2024. The financial statements will not become final until they have been approved by the Annual General Meeting of shareholders to be held on 29 April 2025.

The Group did not anticipate any standards or interpretations not mandatorily applicable in 2024.

Established by the OECD and transposed in December 2023 in France, the Pillar 2 global tax reform aims to establish a minimum taxation of multinational groups at 15% and is applicable from the 2024 financial year. After analysis of the texts as stand current regulations and their consequences, the financial impact of this reform is insignificant, due in particular to the consistency between the Group's tax footprint and its operational and geographic footprint.

In May 2023, the IASB amended IAS 12 *Income Taxes* by introducing a temporary exception to the recognition of deferred taxes arising from the Pillar 2 reform. The European Union adopted these amendments on 9 November 2023. The Group has implemented this exception as of 31 December 2023.

1.1 Use of estimates

The preparation of the consolidated financial statements in accordance with international accounting standards requires that the Group make a certain number of estimates and assumptions that may affect the value of the Group's assets, liabilities, equity and net profit (loss).

These estimates and assumptions mainly concern the estimated amounts deducted from net sale, the measurement of goodwill and other intangible assets, operating lease terms, provisions, non-current tax liab ities, pension obligations, deferred taxes and share-based payments. Estimates used by the Group in relation to these different areas are made based on information available when the accounts are prepared and are described in detail in each specific associated note.

1.2 Scope and methods of consolidation

All companies included in the scope of consolidation have a financial year ending 31 December or close their accounts on that date.

All companies directly or indirectly controlled by the parent company L'Oréal have been fully consolidated.

Group companies that are jointly controlled with a limited number of other shareholders under a contractual agreement are consolidated under the equity method in accordance with IFRS 11.

Associates over which the Group has a significant influence have been accounted for by the equity method.

1.3 Translation of the accounts of foreign subsidiaries

The assets and liabilities of foreign subsidiaries are translated at closing exchange rates. Income statement items are translated at average exchange rates for the year.

The resulting translation difference attributable to the Group is entered directly under equity under the item Cumulative translation adjustments, while the translation difference attributable to non-controlling interests is recognised under the *Non-controlling interests* item.

1.4 Valuation of goodwill in foreign currencies

Goodwill generated on foreign companies is considered to form part of the assets and liabilities of the foreign company, and is therefore expressed in the entity's functional currency and translated using the closing exchange rates in effect at the closing date. Goodwill recorded before 1 January 2004 continues to be recorded in euros.

Note 2 Main events of the period

2.1 Changes in the scope of consolidation

2.1.1 Year 2024

Takeovers

On 9 January 2024, L'Oréal announced the signing of an agreement to acquire the entire capital of **Gjosa**, the Swiss company pioneer in the development of water micronization technology. L'Oréal had already made a first minority investment in Gjosa in 2021 up to 15% *via* its venture capital fund, BOLD (Business Opportunities for L'Oréal Development).

The closing was finalized on 31 January 2024 and has been fully consolidated since that date.

L'Oréal completed on 31 October 2024 the finalisation of the acquisition of 70% of a group of 6 aesthetic clinics located in China. **YesSkin** is founded by Dr. Song, a renowned and influential dermatologist in China. The aesthetic clinics offer injectables and machine treatments to clients and generate a turnover of 126 million yuan (corresponding to €16 million) in 2023.

This acquisition is fully consolidated.

The cost of these new acquisitions represented €77.1 million. The total amount of goodwill and other intangible assets resulting from their acquisitions provisionally amounted to €90.3 million.

Equity-accounted investment

During the third quarter of 2024, L'Oréal completed the acquisition of a minority stake in **Amouage** SAOC, the Oman-based haute parfumerie house founded in 1983 and controlled by SABCO Group LLC.

2.1.2 Year 2023

Takeovers

On 3 April, L'Oréal announced that it had signed an agreement with Natura & Co to acquire **Aēsop,** the Australian luxury beauty brand, for $2.6 billion. Created in 1987, Aēsop is a global super brand known for its skin, hair and body products, available across luxury retail, beauty and hospitality locations around the world. Aēsop operates online and in around 400 exclusive points of sale across the Americas, Europe, Australia and Asia, with a nascent footprint in China where the first store opened in 2022.

This acquisition was completed on 30 August 2023 and has been fully consolidated since that date.

In 2023, this acquisition represented €557.5 million in full-year net sales and €13.1 million in full-year operating profit.

The final allocation of the purchase price led to the recognition of goodwill of €1,784.3 million and is as follows:

€ million	Fair value at the date of acquisition
Intangible assets[1]	577.0
Other assets	428.4
Cash	74.8
Other liabilities	(513.4)
Aēsop net assets	**566.8**
Goodwill	1,784.3
ACQUISITION PRICE	**2,351.1**

(1) Including €521.8 million of brand and €54.9 million of technological assets.

On 4 December 2023, L'Oréal completed the acquisition of **Lactobio**, a leading probiotic and microbiome research company based in Copenhagen (Denmark). The strategic acquisition builds on 20 years of advanced research by L'Oréal into the microbiome scientific territory, deepening its knowledge of the microorganisms that live on the skin's surface and reinforcing the Groupe's leadership in this field. The acquisition also opens up new scientific opportunities, including leveraging Lactobio's microbiome expertise and significant IP portfolio to develop safe and effective new cosmetic solutions using live bacteria.

The cost of this new acquisition represented €2,401.5 million. The total amount of goodwill and other intangible assets resulting from its acquisition amounted to €2,411.9 million.

2.1.3 Year 2022

Takeover

On 23 September 2022, L'Oréal signed an agreement to acquire **Skinbetter Science**, a physician-dispensed American skincare brand backed by cutting-edge, dermatological science, combining patented efficacious ingredients with luxurious sensorial textures.

Skinbetter Science was co-founded in 2016 by pharmaceutical industry professionals, Jonah Shacknai, Justin Smith and Seth Rodner, and has since become one of the fastest growing medical-dispensed skincare brands in the United States. Skinbetter Science is known for formulating innovative products with active ingredients for anti-aging, moisturizing, cleansing, exfoliating, skin peeling and sun protection. The brand is strongly supported by deep knowledge of skin and chemistry with clinical trials led by professional members of the American Board of Dermatology.

Skinbetter Science's products are mainly available through a network of leading dermatology, plastic surgery and medical aesthetics practices throughout the United States, powered by a national medical sales team.

Headquartered in Arizona, the brand's leadership team will continue to run the business following the acquisition and will be integrated under the leadership of the President of the Active Cosmetics Division within L'Oréal USA.

This acquisition was completed on 14 October 2022 and has been fully consolidated since that date.

The cost of this new acquisition represented €857.7 million. The total amount of goodwill and other intangible assets resulting from its acquisition amounted to €833.1 million.

In 2022, this acquisition represented €105.9 million in full-year net sales and €18.7 million in full-year operating profit.

2.2 Impact of changes in the scope of consolidation in the cash flow statement

For 2024, these changes mainly related to Gjosa, YesSkin and Amouage acquisition.

For 2023, these changes mainly related to Aēsop acquisition.

For 2022, these changes related to Skinbetter Science acquisition.

2.3 Other highlights

The Group announced on 5 August 2024 that it had acquired a 10% stake in Galderma Group AG for an amount of €1.8 billion, the world leader exclusively dedicated to dermatology and one of the largest global players in the field of injectable aesthetics. In addition, L'Oréal and Galderma have agreed to work towards a strategic scientific partnership that will leverage the undisputed expertise of both companies: Galderma's across a broad range of dermatological solutions, and L'Oréal's expertise in skin biology, diagnostic tools and evaluation methods.

This acquisition is treated as Non-current financial assets (note 9.3).

This transaction was financed *via* the issue of a €1.25 billion bond and the remainder through the Group's available cash.

Note 3 Operating items – Segment information

Accounting principles

Net sales

Net sales are recognised when the goods have been transferred to the customer.

Sales incentives, cash discounts and product returns are deducted from net sales, as are incentives granted to distributors or consumers resulting in a cash outflow, such as commercial cooperation, coupons, discounts and loyalty programmes.

Incentives granted to distributors or consumers are recognised as a deduction from sales: the service cannot be separated from the product sales transaction or it is not possible to reasonably estimate the fair value of the cost of the service.

Sales incentives, cash discounts, provisions for returns and incentives granted to customers are recorded simultaneously to the recognition of the sales if they can be estimated in a reasonably reliable manner, based mainly on statistics compiled from past experience and contractual conditions.

Cost of sales

The cost of goods sold consists mainly of the industrial production cost of products sold, the cost of distributing products to customers including freight and delivery costs, either directly or indirectly through depots, inventory impairment costs, and royalties paid to third parties.

Research and innovation expenses

Expenditure during the research phase is charged to the income statement for the financial year during which it is incurred.

Expenses incurred during the innovation phase are recognised as *Intangible assets* only if they meet all the following criteria set out in IAS 38:

- the project is clearly defined and the related costs are separately identified and reliably measured;
- the technical feasibility of the project has been demonstrated;
- the intention and ability to complete the project and to use or sell the products resulting from the project have been demonstrated;
- the resources necessary to complete the project and to use or sell it are available;
- the Group can demonstrate that the project will generate probable future economic benefits, as the existence of a potential market for the production resulting from the project, or its internal usefulness has been demonstrated.

In view of the very large number of innovation projects and uncertainties concerning the decision to launch products relating to these projects, L'Oréal considers that some of these capitalisation criteria are not met.

Advertising and promotion expenses

These expenses consist mainly of expenses relating to the advertisement and promotion of products to customers and consumers. They are charged to the income statement for the financial year in which they are incurred.

Selling, general and administrative expenses

These expenses relate mainly to sales teams and sales team management, marketing teams and administrative services, as well as general expenses and the costs and expenses of free shares.

Operating profit

Operating profit consists of gross profit less research and innovation expenses, advertising and promotion expenses, and selling, general and administrative expenses.

Property, plant and equipment

Property, plant and equipment are recorded on the balance sheet at their purchase price. They are not remeasured.

Assets financed by lease contracts are recognised as assets on the balance sheet under *Right-of-use* assets. The corresponding debt is recognised as a liability under *Lease debt*.

Investment subsidies are recorded as liabilities under Other current liabilities.

The components of property, plant and equipment are recorded separately if their estimated useful lives, and therefore their depreciation periods, are materially different.

Property, plant and equipment are depreciated using the straight-line method, over the following useful lives:

Buildings	10-40 years
Industrial machinery and equipment	5-15 years
Point-of-sales advertising: stands and displays	3 years
Other property, plant and equipment	3-10 years

Depreciation and impairment losses are recorded in the income statement according to the use of the asset.

In view of their nature, property, plant and equipment are considered to have a value of zero at the end of the useful lives indicated above.

Leases

All leases are recognised using a single model consisting of recording lease liabilities as liabilities (amount of discounted future payments) and rights of use as assets.

The lease term corresponds to the non-cancellable term of each contract and includes any renewal options that the Group is reasonably certain to exercise, particularly if the estimated useful life of the fittings in which the Group invested initially or during the lifetime of the contract exceeds the initial contractual life. In the case of termination options subject to a short notice period, these options have not been taken into account in the assessment of the lease terms.

The right of use is amortised over the expected lease term. French lease rights are not amortised.

The discount rate used to value the lease liability corresponds to the annual rate for each contract calculated using zero-coupon rates obtained by currency and by maturity tranche, increased by the Group's credit spread.

Deferred taxes are recorded during the initial recognition.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is calculated using the weighted average cost method.

A provision is made for obsolete and slow-moving inventories on the basis of their probable net realisable value, estimated on the basis of historic and projected data.

Trade accounts receivable

Accounts receivable from customers are recorded at their nominal value, which corresponds to their fair value.

The current trade accounts receivable impairment methodology at L'Oréal reflects the level of expected losses on the customer portfolio, calculated on the basis of past statistics from the outset of the receivable. Moreover, this risk is contained thanks to the credit insurance policy applied by the Group.

Except when local conditions do not allow it, the Group has insurance cover for the subsidiaries.

3.1 Segment information

3.1.1 Information by business segment

The Group's business activities are organised into four Divisions. In its markets, each Division develops and enhances a range of its own brand of consumer products:

- the Professional Products Division aims to offer professional beauty to all.

  For over 100 years, this Division has acquired extensive knowledge of, and provided tailored support solutions for, the hairdressing sector. It has built up a unique brand portfolio which currently includes L'Oréal Professionnel, Kérastase, Redken, Matrix and PureOlogy;
- the Consumer Products Division's goal is to democratise access to the best that the world of beauty has to offer.

  The Division is underpinned by four major global brands (L'Oréal Paris, Garnier, Maybelline New York and NYX Professional Makeup), and by the deployment of its specialised and regional brands (Stylenanda, Essie, Mixa, etc.);
- the Luxe Division creates the best in luxury beauty *via* breakthrough innovations, meaningful commitments and memorable experiences.

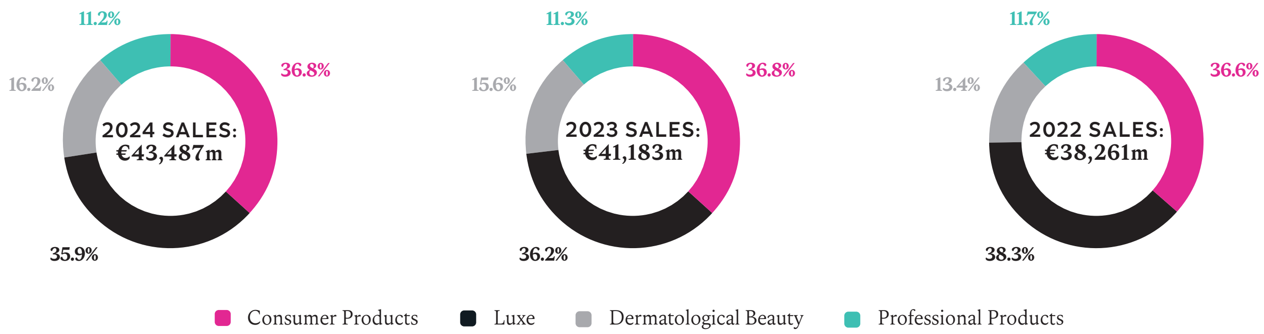
The Division has built a unique portfolio of prestigious brands including iconic mainstream, aspirational, alternative and specialist brands (Lancôme, Yves Saint Laurent Beauté, Armani Beauty, Kiehl's, Helena Rubinstein, Aēsop, Biotherm, Valentino, Prada, Shu Uemura, IT Cosmetics, Mugler, Ralph Lauren, Urban Decay, Azzaro, Maison Margiela, Viktor&Rolf, Takami, etc.);

- the Dermatological Beauty Division, whose goal is to provide sustainable and life-changing dermatological solutions. Its portfolio of highly complementary brands (La Roche-Posay, CeraVe, Vichy, SkinCeuticals, Skinbetter Science, etc.) is designed to keep pace with major skincare trends and recommendations of healthcare professionals.

The "non-allocated" item includes expenses incurred by the Functional Divisions, Fundamental Research and the cost of free shares not allocated to the Divisions. It also includes non-core businesses, such as reinsurance.

The performance of each Division is measured on the basis of operating profit.

WEIGHT OF NET SALES BY DIVISION OVER THE THREE PERIODS



€ millions 2024	Sales	Operating profit	Operational assets[1]	Investments in property, plant and equipment and intangible assets	Depreciation, amortisation and provisions
Professional Products	4,886.2	1,086.2	3,960.6	134.9	225.3
Consumer Products	15,982.4	3,376.4	11,073.1	561.7	540.2
Luxe	15,591.1	3,469.7	12,865.4	430.4	566.5
Dermatological Beauty	7,027.1	1,832.7	4,801.2	135.6	132.5
TOTAL OF DIVISIONS	**43,486.8**	**9,765.0**	**32,700.4**	**1,262.5**	**1,464.5**
Non-allocated		(1,077.5)	1,999.1	397.2	273.8
GROUP	**43,486.8**	**8,687.5**	**34,699.5**	**1,659.7**	**1,738.2**

(1) *Operational assets mainly include goodwill, intangible assets and property, plant and equipment, right-of-use assets, trade accounts receivable and inventories.*

€ millions 2023	Sales	Operating profit	Operational Assets[1]	Investments in property, plant and equipment and intangible assets	Depreciation, amortisation and provisions
Professional Products	4,653.9	1,005.3	3,704.8	121.7	183.8
Consumer Products	15,172.7	3,114.7	11,241.6	523.6	592.2
Luxe	14,924.0	3,331.8	12,584.0	428.6	559.7
Dermatological Beauty	6,432.0	1,670.9	4,319.2	90.5	94.3
TOTAL OF DIVISIONS	**41,182.5**	**9,122.7**	**31,849.6**	**1,164.4**	**1,430.0**
Non-allocated		(979.4)	1,222.9	341.4	191.2
GROUP	**41,182.5**	**8,143.3**	**33,072.5**	**1,505.8**	**1,621.2**

(1) *Operational assets mainly include goodwill, intangible assets and property, plant and equipment, right-of-use assets, trade accounts receivable and inventories.*

€ millions 2022	Sales	Operating profit	Operational assets[1]	Investments in property, plant and equipment and intangible assets	Depreciation, amortisation and provisions
Professional Products	4,476.8	953.6	3,512.0	110.1	161.9
Consumer Products	14,021.3	2,774.9	10,969.3	449.1	687.8
Luxe	14,638.1	3,350.4	9,925.2	359.6	518.4
Dermatological Beauty	5,124.5	1,303.0	4,049.3	72.2	122.3
TOTAL OF DIVISIONS	**38,260.6**	**8,381.9**	**28,455.8**	**990.9**	**1,490.4**
Non-allocated		(925.1)	1,234.8	351.0	210.9
GROUP	**38,260.6**	**7,456.9**	**29,690.5**	**1,341.9**	**1,701.3**

Operational assets mainly include goodwill, intangible assets and property, plant and equipment, right-of-use assets, trade accounts receivable and inventories.

Operational assets can be reconciled to the 2024, 2023 and 2022 balance sheets as follows:

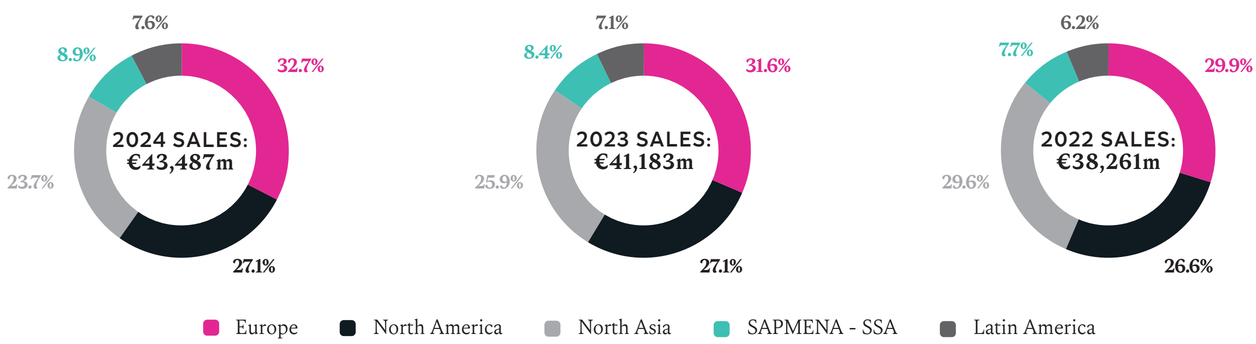
€ millions	2024	2023	2022
Operational assets	**34,699.5**	**33,072.5**	**29,690.5**
Non-current financial assets	14,838.1	11,631.6	11,652.8
Investments accounted for under the equity method	126.4	27.0	18.4
Deferred tax assets	973.3	921.2	801.1
Other current assets	1,663.8	1,914.7	2,063.7
Cash and cash equivalents	4,052.3	4,288.1	2,617.7
Non-allocated assets	**21,653.9**	**18,782.7**	**17,153.7**
TOTAL ASSETS	**56,353.4**	**51,855.1**	**46,844.2**

3.1.2 Information by geographic zone

All information is presented on the basis of geographic location of the subsidiaries.

3.1.2.1. Consolidated net sales by geographic zone

WEIGHT OF NET SALES BY GEOGRAPHIC ZONE OVER THE THREE PERIODS



€ millions	2024	Growth *(%)* Published data	Growth *(%)* Excluding exchange effect	2023	2022
Europe	14,211.4	9.3%	9.6%	13,007.8	11,436.7
of which France[1]	3,161.0	3.2%	3.2%	3,063.3	2,727.5
North America	11,805.2	5.9%	6.1%	11,147.2	10,164.0
North Asia	10,303.4	-3.4%	-1.7%	10,662.9	11,321.4
SAPMENA – SSA	3,863.0	12.0%	14.0%	3,447.7	2,962.4
Latin America	3,303.9	13.3%	20.0%	2,916.9	2,376.2
GROUP	**43,486.8**	**5.6%**	**6.8%**	**41,182.5**	**38,260.6**

(1) Corresponds to sales invoiced from France and including sales to European countries.

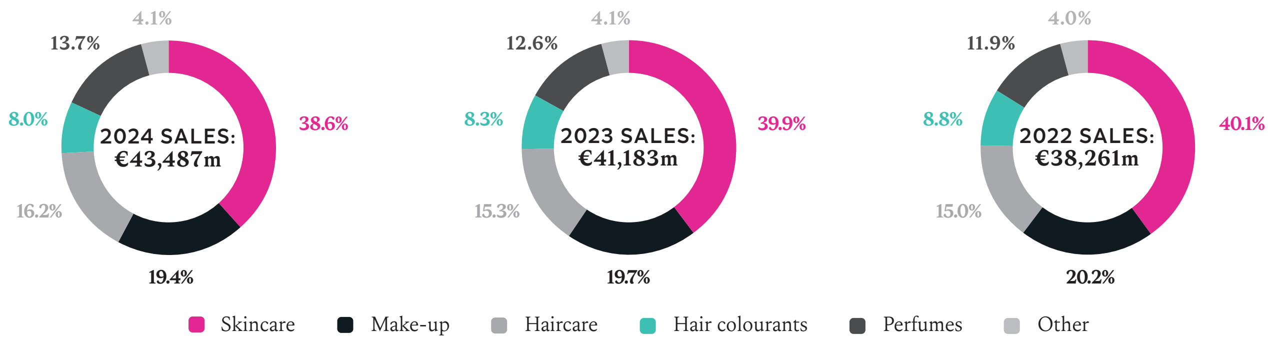
3.1.2.2. Breakdown of operational assets and consolidated investments by geographic zone

€ millions	2024 Operational assets	2024 Investments in property, plant and equipment and intangible assets	2023 Operational assets	2023 Investments in property, plant and equipment and intangible assets	2022 Operational assets	2022 Investments in property, plant and equipment and intangible assets
Europe	13,560.6	523.0	13,621.9	494.2	12,531.6	423.0
North America	9,326.3	365.9	8,571.3	296.0	8,944.7	279.5
North Asia	3,878.4	172.7	3,972.6	194.5	4,132.2	187.6
SAPMENA – SSA	4,136.2	129.1	3,829.1	97.9	1,306.1	51.5
Latin America	1,798.8	71.8	1,854.8	81.7	1,541.2	49.2
Non-allocated	1,999.1	397.2	1,222.9	341.4	1,234.9	351.0
GROUP	**34,699.5**	**1,659.7**	**33,072.5**	**1,505.8**	**29,690.5**	**1,341.9**

Non-current assets consist of a significant portion of brand and goodwill, which must be analysed on the basis of sales that they generate by geographic zone and not according to the country of their legal ownership.

3.1.3 Sales by business segment

WEIGHT OF NET SALES BY PRODUCT CATEGORY OVER THE THREE PERIODS



€ millions	2024	Growth (%) Published data	Growth (%) Excluding exchange effect	2023	2022
Skincare	16,803.7	2.2%	3.5%	16,447.1	15,344.3
Make-up	8,449.4	4.0%	5.0%	8,123.7	7,738.8
Haircare	7,034.0	11.3%	12.9%	6,319.6	5,750.2
Hair colourants	3,460.3	1.0%	2.3%	3,425.6	3,361.6
Perfumes	5,955.6	15.2%	15.7%	5,171.3	4,546.2
Other	1,783.9	5.2%	6.4%	1,695.3	1,519.5
GROUP	**43,486.8**	**5.6%**	**6.8%**	**41,182.5**	**38,260.6**

3.2 Depreciation and amortisation expense and property, plant and equipment

3.2.1 Depreciation and amortisation in operating expenses

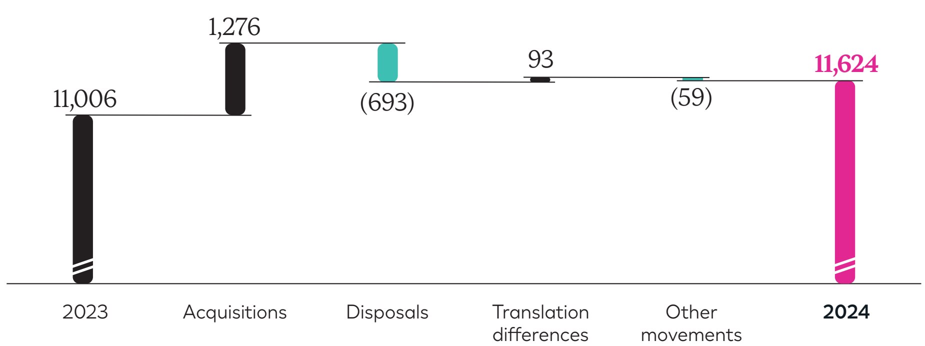
€ millions	2024	2023	2022
Depreciation and amortisation of property, plant and equipment and intangible assets	**1,586.7**	**1,429.7**	**1,474.2**
including right-of-use (IFRS 16)	474.5	426.0	428.0

3.2.2 Property, plant and equipment

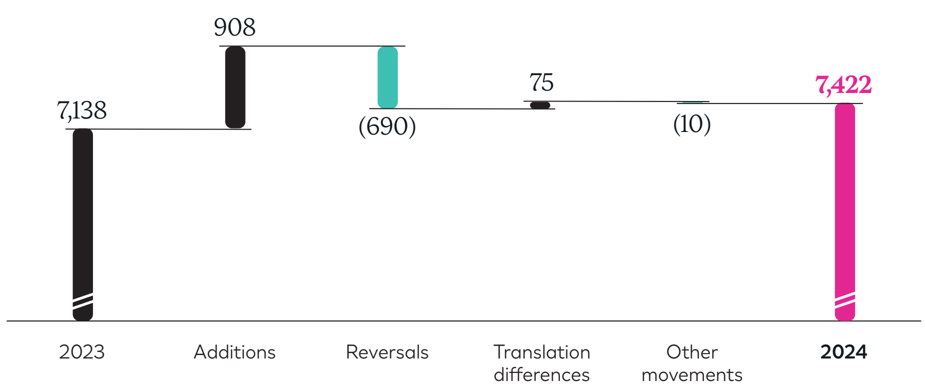
€ millions **2024**	31.12.2023	Acquisitions/ Depreciation	Disposals/ Reversals	Translation difference	Other movements[1]	31.12.2024
Land and buildings	2,662.4	97.5	(28.3)	3.1	61.2	2,796.0
Machinery and equipment	4,100.5	226.0	(207.2)	22.3	115.5	4,257.0
Point-of-sales advertising: stands and displays	1,769.1	323.1	(286.4)	25.7	65.9	1,897.5
Other property, plant and equipment and fixed assets in progress	2,473.7	629.7	(170.7)	42.3	(301.8)	2,673.2
Gross value	**11,005.8**	**1,276.3**	**(692.6)**	**93.4**	**(59.1)**	**11,623.7**
Land and buildings	1,365.2	88.1	(27.3)	10.0	(13.3)	1,422.7
Machinery and equipment	3,108.7	285.6	(206.8)	20.9	(34.2)	3,174.2
Point-of-sales advertising: stands and displays	1,311.9	332.3	(286.5)	15.0	7.2	1,379.9
Other property, plant and equipment	1,352.3	202.4	(169.3)	29.5	29.9	1,444.8
Depreciation and provisions	**7,138.1**	**908.4**	**(689.8)**	**75.4**	**(10.4)**	**7,421.7**
PROPERTY, PLANT AND EQUIPMENT – NET	**3,867.7**	**367.9**	**(2.8)**	**18.0**	**(48.7)**	**4,202.0**

(1) *These mainly include the effect of changes in the scope of consolidation for -€27 million linked to disposals, the impacts of hyperinflation for €0.7 million and tangible assets in progress allocated to other fixed assets.*

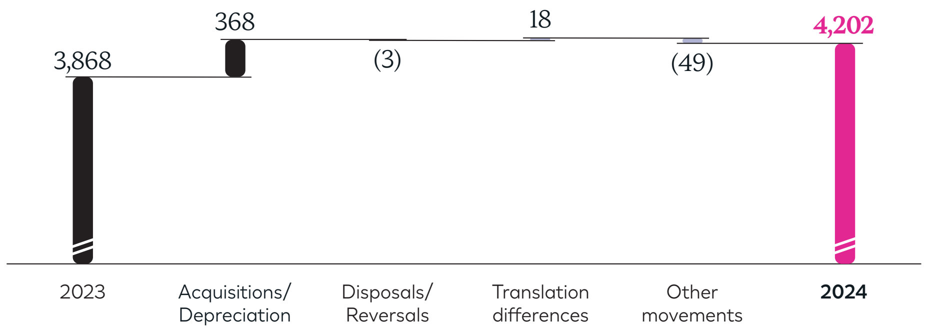
CHANGE IN GROSS FIXED ASSETS
(€ millions)



CHANGE IN DEPRECIATION, AMORTISATION AND PROVISIONS
(€ millions)



NET PROPERTY, PLANT AND EQUIPMENT
(€ millions)



€ millions 2023	31.12.2022	Acquisitions/ Depreciation	Disposals/ Reversals	Translation difference	Other movements[(1)]	31.12.2023
Land and buildings	2,489.1	101.3	(51.3)	(37.2)	160.5	2,662.4
Machinery and equipment	3,914.9	176.9	(108.6)	(51.2)	168.4	4,100.5
Point-of-sales advertising: stands and displays	1,630.5	313.7	(210.8)	(53.5)	89.2	1,769.1
Other property, plant and equipment and fixed assets in progress	2,281.6	558.8	(128.5)	(57.0)	(181.2)	2,473.7
Gross value	**10,316.2**	**1,150.6**	**(499.2)**	**(198.8)**	**237.0**	**11,005.8**
Land and buildings	1,352.7	82.5	(51.1)	(19.7)	0.8	1,365.2
Machinery and equipment	2,972.0	268.4	(108.3)	(39.4)	16.0	3,108.7
Point-of-sales advertising: stands and displays	1,246.5	277.2	(210.9)	(41.3)	40.3	1,311.9
Other property, plant and equipment	1,263.2	169.3	(127.8)	(34.3)	82.0	1,352.3
Depreciation and provisions	**6,834.5**	**797.3**	**(498.1)**	**(134.7)**	**139.1**	**7,138.1**
PROPERTY, PLANT AND EQUIPMENT – NET	**3,481.7**	**353.3**	**(1.2)**	**(64.0)**	**97.9**	**3,867.7**

(1) *These mainly include the effect of changes in the scope of consolidation for €52.5 million (including €63.6 million for Aēsop and -€11.1 million linked to disposals), the impacts of hyperinflation for €44.3 million and tangible assets in progress allocated to other fixed assets.*

€ millions 2022	31.12.2021	Acquisitions/ Depreciation	Disposals/ Reversals	Translation difference	Other movements[(1)]	31.12.2022
Land and buildings	2,383.3	73.3	(20.5)	10.2	42.8	2,489.1
Machinery and equipment	3,733.7	145.9	(95.2)	43.8	86.7	3,914.9
Point-of-sales advertising: stands and displays	1,927.1	265.2	(625.8)	36.2	27.8	1,630.5
Other property, plant and equipment and fixed assets in progress	1,976.9	518.4	(102.8)	28.7	(139.5)	2,281.6
Gross value	**10,020.9**	**1,002.7**	**(844.2)**	**119.0**	**17.8**	**10,316.2**
Land and buildings	1,292.0	81.1	(20.3)	6.9	(7.0)	1,352.7
Machinery and equipment	2,783.2	271.8	(95.0)	29.7	(17.8)	2,972.0
Point-of-sales advertising: stands and displays	1,547.2	295.4	(628.0)	29.9	2.0	1,246.5
Other property, plant and equipment	1,132.4	177.9	(99.2)	19.0	33.2	1,263.2
Depreciation and provisions	**6,754.7**	**826.3**	**(842.5)**	**85.5**	**10.4**	**6,834.5**
PROPERTY, PLANT AND EQUIPMENT – NET	**3,266.2**	**176.4**	**(1.7)**	**33.5**	**7.4**	**3,481.7**

(1) *These mainly include the effect of changes in the scope of consolidation and tangible assets in progress allocated to other fixed assets.*

3.2.3 Leases

3.2.3.1. Right-of-use assets

Right-of-use assets break down by type of underlying asset, as follows:

€ millions	31.12.2024 Net(1)	Depreciation and impairment losses(2) 2024	31.12.2023 Net	31.12.2022 Net
Buildings	1,134.1	298.4	1,095.9	1,116.4
Stores	490.6	160.7	481.0	273.5
Others	138.5	13.1	115.5	92.9
RIGHT-OF-USE ASSETS	**1,763.2**	**472.2**	**1,692.4**	**1,482.7**

(1) Of which €508.4 million in right-of-use entries in gross value.
(2) Of which €474.5 million in depreciation for the period.

3.2.3.2. Lease debt

Lease debt breaks down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Lease debt due in more than 5 years	393.9	406.3	360.5
Lease debt due in between 1 and 5 years	1,064.1	987.9	853.0
Lease debt due in less than 1 year	468.6	459.8	407.0
LEASE DEBT	**1,926.6**	**1,854.0**	**1,620.5**

3.3 Inventories, Trade accounts receivable and Other current assets

3.3.1 Inventories

€ millions	31.12.2024	31.12.2023	31.12.2022
Finished products and consumables	4,019.2	3,826.9	3,375.5
Raw materials, packaging and semi-finished products	1,095.2	1,156.1	1,178.1
Gross value	**5,114.4**	**4,983.0**	**4,553.6**
Valuation allowance	484.3	500.6	474.2
INVENTORIES – NET	**4,630.1**	**4,482.4**	**4,079.4**

3.3.2 Trade accounts receivable

€ millions	31.12.2024	31.12.2023	31.12.2022
Gross value	5,631.0	5,125.5	4,792.3
Valuation allowance	29.2	32.8	36.8
NET VALUE	**5,601.8**	**5,092.7**	**4,755.5**

Trade accounts receivable are due within one year. The impairment of trade accounts receivable reflects the level of expected losses on the customer portfolio from the outset of the receivable. Moreover, except when local conditions do not allow it, the Group has insurance cover for the subsidiaries.

The non-collection risk on trade accounts receivables is therefore minimised, and this is reflected in the level of the allowance, which remains less than 1% of gross receivables at the end of 2024.

3.3.3 Other current assets

€ millions	31.12.2024	31.12.2023	31.12.2022
Tax and employee-related receivables (excluding income tax)	668.2	864.4	831.6
Prepaid expenses	522.5	655.8	617.3
Derivatives	150.1	177.7	260.9
Current financial assets	29.1	33.1	23.1
Other current assets[1]	585.3	539.6	690.2
TOTAL	**1,955.3**	**2,270.6**	**2,423.2**

(1) *These mainly include year-end rebates for €146.1 million and advances and down-payments on purchase orders for €216.4 million.*

3.4 Other current liabilities

€ millions	31.12.2024	31.12.2023	31.12.2022
Tax and employee-related payables (excluding income tax)	2,161.0	2,176.5	1,853.2
Credit balances on trade receivables	1,865.9	1,801.7	1,651.2
Fixed assets payables	315.1	290.1	418.0
Derivatives	232.2	127.1	170.6
Other current liabilities[1]	375.4	420.7	391.5
TOTAL	**4,949.6**	**4,816.1**	**4,484.6**

(1) *These mainly include prepaid income for €185.6 million and other miscellaneous payables for €160.0 million.*

3.5 Changes in working capital

This caption is broken down as follows:

€ millions	2024	2023	2022
Inventories	(121.2)	(438.3)	(865.4)
Trade accounts receivable	(506.7)	(427.3)	(717.6)
Trade accounts payable	78.8	138.8	247.9
Other receivables and payables	322.5	331.9	323.8
TOTAL	**(226.6)**	**(394.9)**	**(1,011.3)**

Note 4 Other operational income and expenses

Accounting principles

Other income and expenses

The Other income and expenses item includes capital gains and losses on disposals of property, plant and equipment and intangible assets, impairment of assets, restructuring costs, and clearly identified, non-recurring income and expense items that are material to the consolidated financial statements.

The cost of restructuring operations is fully provisioned if it results from a group obligation towards a third party originating from a decision taken by a competent body which is announced to the third parties concerned before the end of the reporting period.

This cost consists mainly of severance payments, early retirement payments, the cost of unworked notice periods, the costs of training for employees affected by the restructuring measures, and other costs relating to site closures. Any write-offs of fixed assets or impairment charged against inventories and other assets related directly to these restructuring measures are also recorded as restructuring costs.

Operational profit

Operational profit is calculated based on operating profit and includes other income and expenses such as capital gains and losses on disposals of property, plant, and equipment and intangible assets, impairment of assets, and restructuring costs.

This item breaks down as follows:

€ millions	2024	2023	2022
Capital gains and losses on disposals of property, plant and equipment and intangible assets(1)	(15.2)	(6.7)	7.4
Impairment of property, plant and equipment and intangible assets(2)	(50.8)	(270.6)	(39.0)
Restructuring costs(3)	(237.1)	(88.5)	(172.6)
Other(4)	(134.6)	(84.1)	(22.5)
TOTAL	**(437.7)**	**(449.9)**	**(241.5)**

(1) Including:
- *in 2024, the impact of the sale of two distribution centres and a factory in Israel (€10.5 million) and the sale of a factory in Turkey (-€26.2 million);*
- *in 2023, the residual impact of the sale of Logocos in Germany (-€5 million);*
- *in 2022, mainly the capital loss (-€8.8 million) on the assets disposal of Dermablend in the United States.*

(2) Including:
- *in 2024, the impairment of intangible assets of the Multicultural Brands Cash Generating Unit (€49.9 million);*
- *in 2023, the impairment of the goodwill of IT Cosmetics (€250 million) and that of the brand Decléor (€20 million);*
- *in 2022, the impairment of the brand Decléor (-€39 million).*

(3) Including:
- *in 2024, the restructuring of the distribution of the Consumer Products, Professional Products and Operations Divisions in Europe and the United States (€74 million), the strategic reorganization projects of the global Luxe Division (€31.9 million) and the resizing project of the Group's organisations (€80.5 million);*
- *in 2023, the restructuring of the organisation and distribution of the Consumer Products and Professional Products Divisions in Europe (€39 million), the strategic reorganisation of legal entities in France (€17 million), the recognition following French pension reforms of additional charges on advanced leave provisions from previous restructuring (€7 million) and additional impairment concerning the right to use in Brazil (€9 million);*
- *in 2022, mainly the loss resulting from the sale of Logocos for €114.6 million following the signing of an agreement on 2 December 2022 (this project should be completed by March 2023), the continued restructuring of the sales forces in the Consumer Products Division in Europe (€14.5 million) and the reorganisation of the operational structures in Europe and Sapmena (€23.1 million).*

(4) Including:
- *in 2024, costs related to some products litigations (€99.9 million), corporate philanthropy donations (€28.3 million) and costs related to acquisitions and post-acquisition reorganisations (€20.7 million);*
- *in 2023, corporate philanthropy donations (€29 million) and acquisition costs (€46 million);*
- *in 2022, corporate philanthropy donations (€25.3 million), exceptional costs associated with the conflict in Ukraine (€18.4 million), and acquisition-related costs (€14.9 million), partially offset by the downward revaluation of earn-out liabilities (-€21.2 million).*

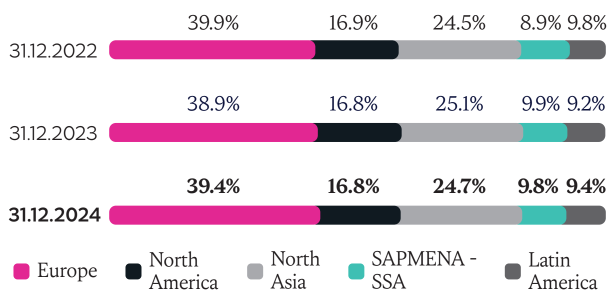
Note 5 Number of employees, personnel costs and employee benefits CSRD

5.1 Number of employees

	31.12.2024	31.12.2023	31.12.2022
Europe	37,166	36,839	34,856
North America	15,829	15,931	14,788
North Asia	23,281	23,783	21,387
SAPMENA – SSA	9,257	9,339	7,797
Latin America	8,864	8,713	8,541
TOTAL(1)	**94,397**	**94,605**	**87,369**

(1) Excluding employees of equity-accounted companies.

NUMBER OF EMPLOYEES BY GEOGRAPHIC ZONE(1)



(1) This section incorporates by reference the information required by the CSRD (ESRS 2 SBM-1) for the sustainability report (section 4.7.5.1).

5.2 Personnel costs

€ millions	2024	2023	2022
Personnel costs (including welfare contributions)[1]	**8,474.3**	**7,796.0**	**7,263.7**

(1) *Excluding employees of equity-accounted companies.*

Personnel costs include pension expenses (excluding interest components), the cost of any share-based payments (stock options and free shares), and payroll taxes.

5.3 Executive remuneration

Costs recorded in respect of remuneration and similar benefits granted to the Executive Committee, the Board of Directors as well as its Chairman, a corporate officer, can be analysed as follows:

€ millions	2024	2023	2022
Directors' fees	1.5	1.4	1.3
Salaries and benefits including employer welfare contributions	41.9	43.2	40.4
Employee retirement obligation charges	5.4	4.7	10.2
Share-based payment (stock options and free shares)	34.0	31.2	28.9

The number of executives who were members of the Management Committee and the Chairman of the Board of Directors was 20 at 31 December 2024 as at 31 December 2023 and at 31 December 2022.

5.4 Post-employment benefits, termination benefits and other long-term employee benefits

Accounting principles

The Group operates pension, early retirement and other employee benefit schemes depending on local legislation and regulations.

For obligatory state schemes and other defined-contribution schemes, the Group recognises in the income statement contributions payable when they are due. No provision has been set aside in this respect as the Group's obligation does not exceed the amount of contributions paid.

The characteristics of the defined benefit schemes in force within the Group are as follows:

- French regulations provide for specific length-of-service awards payable to employees on retirement. An early retirement plan and a defined benefit plan have also been set up. In some Group companies there are also measures providing for the payment of certain healthcare costs for retired employees. These obligations are partially funded by an external fund, except those relating to healthcare costs for retired employees;
- for foreign subsidiaries with employee retirement schemes or other specific obligations relating to defined benefit plans, the excess of the projected benefit obligation over the scheme's assets is also recognised by setting up a provision for charges on the basis of the actuarial value of employees' vested rights.

The charges recorded in the income statement during the year include:

- additional rights vested by employees during the accounting period;
- the impact of any change to existing schemes on previous years or of any new schemes;
- the change in the value of the discounted rights over the past year;
- income on external funds calculated on the basis of the discount rate applied to the benefit obligation.

The latter two items represent the interest component of the pension costs. The interest component is shown within *Net financial income* on the *Other financial income and expenses item*.

To determine the discounted value of the obligation for each scheme, the Group applies an actuarial valuation method based on the final salary (projected unit credit method). The obligations and the fair value of plan assets are assessed each year using length-of-service, life expectancy, staff turnover by category and economic assumptions (such as inflation rate and discount rate).

The Group applies a simplified granular approach to calculate its service cost for the period. Under this simplified approach, two different discount rates are used to calculate the obligation and the service cost based on the duration of the future cash flows relating to each of these items. Financial costs are calculated by applying the discount rate used for the obligation to plan assets and by applying the differential interest rate to service cost for the period.

Actuarial gains and losses arising on post-employment defined benefit obligations are recognised in equity.

Actuarial gains and losses in relation to other benefits such as jubilee awards and long-serve bonuses are immediately charged to the income statement.

The liability corresponding to the Company's net defined benefit obligation regarding its employees is recorded in the balance sheet on the *Provisions for employee retirement obligations and related benefits line.*

The actuarial assumptions used to calculate these obligations take into account the economic conditions specific to each country or Group company. The main weighted average assumptions for the Group are as follows:

In %	31.12.2024	31.12.2023	31.12.2022
Discount rate (commitment)	4.2%	3.9%	4.2%
Discount rate (service cost)*	4.3%	4.1%	4.2%
Salary increases	3.9%	3.9%	3.7%

* *Used for the services cost for the following financial year.*

	31.12.2024			31.12.2023			31.12.2022		
	Initial rate	Final rate	Application of final rate	Initial rate	Final rate	Application of final rate	Initial rate	Final rate	Application of final rate
Expected rate of health care inflation	5.4%	4.1%	2031	5.6%	4.1%	2031	5.4%	4.3%	2027

The discount rates are obtained by reference to market yields on high quality corporate bonds having term dates equivalent to those of the obligations.

Bond quality is assessed by reference to the AA-/Aa3 minimum rating provided by one of the three main credit-rating agencies.

Discount rates can be broken down by geographic zone as follows:

In %	2024	2023	2022
Weighted average (all countries) based on the benefit obligation	**4.2%**	**3.9%**	**4.2%**
Of which:			
Euro zone			
Discount rate (commitment)(1)	3.4%	3.3%	3.7%
Discount rate (service cost)*	3.5%	3.4%	3.7%
USA			
Discount rate (commitment)	5.3%	4.8%	5.0%
Discount rate (service cost)*	5.5%	5.0%	5.3%
United Kingdom			
Discount rate (commitment)	5.5%	4.5%	4.8%
Discount rate (service cost)*	5.5%	4.5%	4.8%

(1) *The weighted average for 2024 consists of a 3.44% discount rate on annuity plans with an average term of 15.69 years and a 3.44% discount rate on capital plans with an average term of 10.72 years.*
* *Used for the service cost for the following financial year.*

A 50 basis point decrease in the discount rates would increase the projected defined benefit obligations by €138.5 million for the euro zone, €47.5 million for the United States and €30.2 million for the United Kingdom.

The expected returns on plan assets are based on the discount rates used.

The breakdown of plan assets is as follows:

In %	31.12.2024	31.12.2023	31.12.2022
Equity securities(1)	30.6%	28.2%	34.0%
Bonds	60.4%	61.2%	51.5%
Property assets(2)	3.7%	4.7%	5.9%
Monetary instruments	0.7%	0.9%	3.4%
Other	4.6%	5.0%	5.2%
TOTAL	**100%**	**100%**	**100%**

(1) *Of which L'Oréal shares: none.*
(2) *Of which property assets occupied by Group entities: none.*

The allocation of plan assets has to comply with specific investment limits for the different classes of assets and meet minimum rating criteria for monetary instruments and bonds.

Fluctuations during 2024, 2023 and 2022 are set out below:

€ millions	Present value of defined benefit obligation	Plan assets	Net commitment
Balance at 31 December 2021	**5,047.2**	**(4,686.6)**	**360.6**
Service cost during the period	236.0	—	236.0
Interest cost	86.6	—	86.6
Expected return on assets	—	(80.1)	(80.1)
Past service cost: new plans/plan amendments	(0.8)	—	(0.8)
Curtailments	(15.1)	—	(15.1)
Settlements	0.3	—	0.3
Benefits paid	(238.6)	180.0	(58.7)
Contributions paid	7.3	(98.7)	(91.3)
Actuarial gains and losses	(1,431.6)	1,036.1	(395.5)
Translation differences	49.0	(33.1)	16.0
Other movements	(3.8)	3.7	(0.1)
Balance at 31 December 2022	**3,736.5**	**(3,678.7)**	**57.9**
Service cost during the period	190.5	—	190.5
Interest cost	149.3	—	149.3
Expected return on assets	—	(147.0)	(147.0)
Past service cost: new plans/plan amendments	0.2	—	0.2
Curtailments	(12.3)	—	(12.3)
Settlements	(1.6)	0.2	(1.4)
Benefits paid	(216.7)	158.0	(58.7)
Contributions paid	5.7	(60.4)	(54.7)
Actuarial gains and losses	239.8	(120.4)	119.3
Translation differences	(33.0)	21.5	(11.4)
Other movements	(0.3)	1.2	0.9
Balance at 31 December 2023	**4,058.1**	**(3,825.6)**	**232.6**
Service cost during the period	226.3	—	226.3
Interest cost	152.2	—	152.2
Expected return on assets	—	(141.3)	(141.3)
Past service cost: new plans/plan amendments	(0.1)	—	(0.1)
Curtailments	(8.7)	—	(8.7)
Settlements	—	—	—
Benefits paid	(240.3)	171.6	(68.7)
Contributions paid	5.5	(56.1)	(50.5)
Actuarial gains and losses	(149.3)	(4.1)	(153.3)
Translation differences	79.3	(69.7)	9.7
Other movements	(1.5)	1.2	(0.4)
BALANCE AT 31 DECEMBER 2024	**4,121.5**	**(3,923.9)**	**197.6**

The net commitment breaks down as follows:

€ millions	2024	2023	2022
Net commitment	**197.6**	**232.6**	**57.9**
Surplus funds for pension scheme commitments held in assets	(471.3)	(329.4)	(400.0)
Provision in the balance sheet	668.9	562.0	457.9

The total present value of defined benefit obligations breaks down as follows between wholly or partly funded plans and wholly unfunded plans:

€ millions	31.12.2024	31.12.2023	31.12.2022
Present value of defined benefit obligations wholly or partly funded	3,627.7	3,612.3	3,325.7
Fair value of plan assets	3,923.9	3,825.6	3,678.7
Net position of defined benefit obligations wholly or partly funded	(296.1)	(213.3)	(352.9)
Present value of defined benefit obligations wholly unfunded	493.7	445.8	410.8

The retirement expense charged to the income statement is recorded within personnel expenses for the operating part and within financial costs for the financial part and can be analysed as follows:

€ millions	2024	2023	2022
Service cost during the financial year	226.3	190.5	236.0
Interest costs	152.2	149.3	86.6
Expected return on assets	(141.3)	(147.0)	(80.1)
New plans/plan amendments	(0.1)	0.2	(0.8)
Curtailments	(8.7)	(12.3)	(15.1)
Settlements	—	(1.4)	0.3
TOTAL	**228.4**	**179.2**	**226.9**

Contributions to defined contribution schemes recognised as an expense for 2024, 2023 and 2022 amounted to €781.8 million, €680.7 million and €670.6 million, respectively.

A change of 1 percentage point in medical cost inflation would have the following impact:

€ millions	Increase of 1%	Decrease of 1%
Impact on projected benefit obligation	3.84	(3.29)
Impact on current service cost and interest costs	0.22	(0.19)

Actuarial gains and losses for the periods presented are as follows:

€ millions **2024**	Present value of defined benefit obligation	Plan assets	Net provisions
Actuarial gains and losses: experience adjustments	9.9	(4.1)	5.8
Actuarial gains and losses: demographic assumptions	(3.6)	—	(3.6)
Actuarial gains and losses: financial assumptions	(155.6)	—	(155.6)
TOTAL	**(149.3)**	**(4.1)**	**(153.3)**

€ millions **2023**	Present value of defined benefit obligation	Plan assets	Net provisions
Actuarial gains and losses: experience adjustments	44.1	(120.4)	(76.3)
Actuarial gains and losses: demographic assumptions	(12.9)	—	(12.9)
Actuarial gains and losses: financial assumptions	208.6	—	208.6
TOTAL	**239.8**	**(120.4)**	**119.3**

€ millions **2022**	Present value of defined benefit obligation	Plan assets	Net provisions
Actuarial gains and losses: experience adjustments	100.3	1,036.1	1,192.0
Actuarial gains and losses: demographic assumptions	(1.5)	—	(1.5)
Actuarial gains and losses: financial assumptions	(1,530.4)	—	(1,586.1)
TOTAL	**(1,431.6)**	**1,036.1**	**(395.5)**

5.5 Free shares – Employee Shareholding Plan

Accounting principles

In accordance with the requirements of IFRS 2 "Share-based Payment", the value of options or free shares granted as calculated at the grant date is expensed in the income statement over the vesting period, which is generally five years for purchase options and four years for free shares.

The fair value of free shares corresponds to the value of the share at the grant date, less dividends expected to be paid during the vesting period.

The impact of IFRS 2 on profit for the period is booked on the Selling, general and administrative expenses item of the income statement at Group level, and is not allocated to the Divisions or geographic zones.

a) Free shares

The table below summarises the data on free share plans vesting after 1 January 2022.

Grant date	Vesting date	Number of shares granted	Number of shares issued/allotted	Number of shares not fully vested
Stock subscription plans				
17.04.2018	18.04.2022	931,000	868,575	—
18.04.2019	19.04.2023	843,075	776,975	—
14.10.2020	15.10.2024	713,660	661,270	—
07.10.2021	08.10.2025	588,750	1,875	559,100
13.10.2022	14.10.2026	700,000	2,025	686,530
12.10.2023	13.10.2027	650,580	—	644,700
10.10.2024	11.10.2028	700,000	—	700,000

For the conditional grant of shares, the plan provides for a four-year vesting period after which vesting is effective and final, subject to meeting the conditions of the plan.

The performance conditions apply to the 14 October 2020 and 7 October 2021 plans:

- for 50% of shares granted, the growth in comparable Cosmetics sales in relation to growth in net sales for a panel of competitors:
  - 2021, 2022 and 2023 financial years under the 2020 plan,
  - 2022, 2023 and 2024 financial years under the 2021 plan;
- for 50% of shares granted, the increase over the same period in the Group's consolidated operating profit.

The calculation will be based on the mean of the performance in the:

- 2021, 2022 and 2023 financial years under the 2020 plan;
- 2022, 2023 and 2024 financial years under the 2021 plan,

and will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

For the 13 October 2022, 12 October 2023 and 10 October 2024 plans, the performance conditions comprise the following:

- 80% based on financial performance criteria, split evenly between:
  - growth – compared with that of a panel of competitors – in comparable cosmetics sales:
    - 2023, 2024 and 2025 financial years under the 2022 plan,
    - 2024, 2025 and 2026 financial years under the 2023 plan,
    - 2025, 2026 and 2027 financial years under the 2024 plan,
  - the increase over the same period in the Group's consolidated operating profit. The calculation will be made on the basis of the arithmetic average of the performances for:
    - 2023, 2024 and 2025 financial years under the 2022 plan,
    - 2024, 2025 and 2026 financial years under the 2023 plan,
    - 2025, 2026 and 2027 financial years under the 2024 plan;
- 20% based on non-financial performance criteria, of which:
  - 15% is associated with the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme,
  - 5% is associated with the gender balance within strategic positions, including the Executive Committee.

No performance condition applies below a block of 100 shares.

At 31 December 2024, the performance conditions for plans in progress were deemed achieved.

The fair value of free shares is determined using the following assumptions:

	Stock subscription plans						
Grant date	April 2018	April 2019	October 2020	October 2021	October 2022	October 2023	October 2024
Risk-free rate of return	(0.28%)	(0.25%)	(0.53%)	(0.60%)	2.24%	3.07%	2.51%
Discount for post-vesting transfer restrictions for French employees	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Expected dividends	1.85%	1.58%	1.34%	1.11%	1.46%	1.50%	1.70%
Share price	€191.85	€243.80	€288.00	€360.00	€327.80	€399.90	€388.70
Fair value							
• Employees resident in France	€176.17	€226.25	€269.37	€339.34	€303.33	€371.96	€358.49
• Employees not resident in France	€176.17	€226.25	€269.37	€339.34	€303.33	€371.96	€358.49

The expense recorded in 2024, 2023 and 2022 amounted to €204.0 million, €164.5 million and €155.3 million, respectively.

b) Capital increase reserved for employees

June 2022 plan

In June 2022, Group employees had the opportunity to join a Shareholding Plan based on a traditional format with discount and matching contribution.

The subscription price was set at €254.9, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chief Executive Officer setting the subscription period from 8 June to 22 June 2022 during which 410,943 shares were subscribed. This number does not include the subscription reserved for a Trustee under the laws of England and Wales, as part of a Share Incentive Plan established for Group employees in the UK, for which the number of shares was finalised in October 2023 and amounted to 3,376 shares.

For French employees, free shares were offered as matching shares upon subscription in proportion to their personal contribution to the plan with a maximum of four shares offered for ten shares subscribed.

For employees in other countries, shares were offered under a free share plan with a continued employment condition for the employee and proportionate to how much the employee contributes to the plan, with a maximum of 4 shares offered for 10 shares subscribed. The shares will be allocated to employees on 26 July 2027 provided they are still with the Group on that date.

The IFRS 2 expense measuring the benefit offered to employees is calculated with reference to the fair value of the discount offered on the non-transferable shares.

The capital was increased on 26 July 2022 by 448,267 shares and on 12 October 2023 by 4,643, including matching shares.

The total IFRS 2 expense for free shares granted for the 2022 plan amounted to:

- €9.5 million for French employees based on a subscription price of €254.9 per share; and
- €12.2 million for employees outside of France.

This cost is amortised over the vesting period and corresponds to the share reference value adjusted for the expected dividends over the vesting period, namely €286.36 per share.

The IFRS 2 expense for free shares recognised for the 2023 financial year amounted to €4 million and corresponds to the 2018, 2020 and 2022 plans.

The IFRS 2 expense amounted respectively to €2.8 million and €13.7 million in 2021 and 2022.

2024 plan

In June 2024, Group employees had the opportunity to join a Shareholding Plan based on a traditional format with discount and matching contribution.

The subscription price was set at €358.71, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chief Executive Officer setting the subscription period from 5 June to 19 June 2024 during which 199,641 shares were subscribed and 72,795 matching shares offered. This number does not include the subscription reserved for a Trustee under the laws of England and Wales, as part of a Share Incentive Plan established for Group employees in the UK, for which the number of shares will be finalised in April 2025.

For French employees, free shares were offered upon subscription in proportion to their personal contribution to the plan with a maximum of three shares offered for six shares subscribed.

For employees in other countries, shares were offered under a free share plan with a continued employment condition for the employee and proportionate to how much the employee contributes to the plan, with a maximum of three shares offered for six shares subscribed. The shares will be allocated to employees on 31 July 2029 provided they are still with the Group on that date.

The IFRS 2 expense measuring the benefit offered to employees includes an expense recognized on the subscription date based on the value of the discount granted to employees.

The capital was increased on 30 July 2024 by 230,423 shares including matching shares for French employees.

The total expense for shares granted for the 2024 plan amounted to €47 million.

This cost of matching shares for employees outside of France is amortised over the vesting period and corresponds to the share reference value adjusted for the expected dividends over the vesting period, namely €410.17 per share.

The IFRS 2 expense for the Employee shareholding plans recognised for the 2024 financial year amounts to €35.1 million.

Grant date	Vesting date France	Vesting date international	Number of shares granted	Number of shares issued/allotted	Number of shares not fully vested
18.06.2018	18.06.2018	19.06.2023	498,974	490,740	—
02.10.2020	02.10.2020	03.10.2025	496,991	456,695	34,843
22.06.2022	22.06.2022	23.06.2027	494,433	451,643	39,861
19.06.2024	19.06.2024	20.06.2029	276,236	230,423	43,490

Note 6 Income tax

Accounting principles

The income tax charge includes the current tax expense payable by each consolidated tax entity and the deferred tax expense. Deferred tax is calculated whenever there are temporary differences between the tax basis of assets and liabilities and their basis for consolidated accounting purposes, using the balance sheet liability method.

The restatement of assets and liabilities relating to lease contracts results in the booking of deferred tax.

Deferred tax includes irrecoverable taxation on estimated or confirmed dividends.

Deferred tax is measured using the tax rate enacted at the closing date and which will also apply when the temporary differences reverse.

Deferred tax assets generated by tax loss carryforwards are only recognised to the extent it is probable that the entities will be able to generate taxable profit against which they can be utilised.

Under the French system of tax consolidation, the taxable profits of some French companies are offset when determining the overall tax charge, which is payable only by L'Oréal, the parent company of the tax group. Tax consolidation systems also exist outside France.

Uncertain tax positions are recorded in the balance sheet under *Non-current tax liabilities*. These correspond to an estimate of tax risks and litigation related to income tax for the various countries in which the Group operates.

6.1 Detailed breakdown of income tax

€ millions	2024	2023	2022
Current tax	2,052.5	1,905.9	1,995.9
Deferred tax	(37.4)	(95.3)	(96.5)
INCOME TAX	**2,015.1**	**1,810.6**	**1,899.4**

6.2 Analysis of tax charge

The income tax charge may be analysed as follows:

€ millions	2024	2023	2022
Profit before tax and associates	**8,432.9**	**8,001.0**	**7,610.6**
Theoretical tax rate	25.09%	24.50%	24.36%
Expected tax charge	**2,116.1**	**1,960.4**	**1,853.9**
Impact of permanent differences	47.1	62.0	102.7
Impact of tax rate differences	(170.7)	(160.3)	(154.0)
Change in unrecognised deferred taxes	2.2	4.2	4.1
Effect of non-current tax liabilities	7.9	11.7	17.3
Pillar 2	31.0		
Other(1)	(18.5)	(67.4)	75.4
GROUP TAX CHARGE	**2,015.1**	**1,810.6**	**1,899.4**

(1) *Including tax credits and taxes on dividend distributions.*

The expected tax charge reflects the sum of pre-tax profit for each country, multiplied by the normal taxation rate. The theoretical tax rate reflects the total expected tax charge as a percentage of pre-tax profit.

The impact of any reduced tax rates existing in certain countries in addition to the normal tax rates is included on the line Impact of tax rate differences.

6.3 Deferred taxes in the balance sheet

The net change in deferred taxes (assets and liabilities) can be analysed as follows:

€ millions	
Balance of deferred tax assets at 31 December 2021	**696.5**
Balance of deferred tax liabilities at 31 December 2021	**(810.3)**
Income statement impact	96.5
Translation differences	(17.0)
Other effects[1]	(70.3)
Balance of deferred tax assets at 31 December 2022	**801.1**
Balance of deferred tax liabilities at 31 December 2022	**(905.6)**
Income statement impact	95.3
Translation differences	(20.3)
Other effects[1]	104.2
Balance of deferred tax assets at 31 December 2023	**921.3**
Balance of deferred tax liabilities at 31 December 2023	**(846.6)**
Income statement impact	37.4
Translation differences	(16.0)
Other effects[1]	(87.3)
BALANCE OF DEFERRED TAX ASSETS AT 31 DECEMBER 2024	**973.3**
BALANCE OF DEFERRED TAX LIABILITIES AT 31 DECEMBER 2024	**(964.6)**

(1) *Including mainly the deferred tax impact of currency hedging instruments recognised in equity, as well as the tax effect on actuarial gains and losses recognised in equity and the deferred tax effect of the acquisition of Aēsop.*

Deferred tax assets and liabilities recorded in the balance sheet may be broken down as follows:

	31.12.2024		31.12.2023		31.12.2022	
€ millions	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Temporary differences	952.2	634.2	899.2	530.8	777.7	589.5
Deferred tax liabilities on revaluation of Sanofi		330.4		315.8		316.1
Tax credits and tax loss carry-forwards	21.1		22.1		23.4	
DEFERRED TAX TOTAL	**973.3**	**964.6**	**921.3**	**846.6**	**801.1**	**905.6**

Deferred tax assets on temporary differences mainly relate to:

€ millions	2024	2023	2022
Provisions for pensions and early retirement	63.1	73.2	20.9
Provisions for liabilities and charges	236.2	194.5	192.7
Intra-group margin included in inventories	312.4	273.6	235.8

Deferred tax liabilities on temporary differences mainly include intangible assets acquired under business combinations other than non-tax-deductible goodwill.

Deferred tax assets whose recovery is not considered probable are not recorded in the financial statements; such assets amount to €21.8 million at 31 December 2024 compared with €16.3 million at 31 December 2023 and €20.4 million at 31 December 2022.

Note 7 Intangible assets

7.1 Goodwill

Accounting principles

Business combinations are accounted for by the purchase method. The assets, liabilities and contingent liabilities of the Company acquired are measured at fair value at the acquisition date. Any valuation differences identified when the acquisition is carried out are recorded under the corresponding asset and liability items.

Any residual difference between the cost of an acquisition and the Group's interest in the fair value of the identified assets and liabilities is recorded as Goodwill and allocated to the Cash Generating Units expected to benefit from the acquisition or the related synergies.

Goodwill generated on the acquisition of an associate is presented in the Investments in associates item.

For business combinations, the main accounting principles are set out below:

- for each acquisition, the Group chooses whether to recognise the full amount of goodwill regardless of the ownership interest acquired, or an amount of goodwill corresponding to its interest in the acquired company (previously the only method allowed);
- deferred tax assets recognised after the initial accounting is complete are included in profit or loss, and in contrast to previous practices, the amount of goodwill that would have been recorded had the deferred tax asset been recognised as an identifiable asset at the acquisition date is not deducted;
- costs incurred in respect of a business combination are now expensed and no longer included in the acquisition cost;
- the acquisition cost, which includes contingent consideration, is recognised and measured at its acquisition-date fair value. Subsequent changes in fair value, affecting in particular the contingent consideration recorded in liabilities, are recognised in Other income and expenses in the income statement and no longer treated as an adjustment to goodwill;
- any previous interest held in the acquiree prior to the date control was obtained is now remeasured at its acquisition-date fair value, with the corresponding gain or loss on remeasurement recognised on the income statement;
- purchase commitments for minority interests are recognised in financial debt at the acquisition-date fair value. Subsequent changes in fair value of the commitment are recognised by adjusting equity.

Goodwill is allocated by Cash Generating Units or by groups of Cash Generating Units. A Cash Generating Unit corresponds to one or more worldwide brands.

€ millions 2024	31.12.2023	Acquisitions/ Disposals	Other movements	Translation difference	31.12.2024
Redken/PureOlogy	698.4	4.9		33.2	736.5
L'Oréal Professionnel/Kérastase	422.4	14.6		12.7	449.7
Matrix	416.5			22.3	438.9
Professional Products Total	**1,537.4**	**19.5**	**—**	**68.2**	**1,625.1**
L'Oréal Paris	1,180.4		14.5	14.5	1,209.4
Mass Market make-up	1,038.6		5.6	38.3	1,082.5
Garnier	425.9		4.1	(18.2)	411.8
Stylenanda	406.9			(11.4)	395.5
NYX Professional Makeup	331.4			18.5	349.9
LaSCAD	156.4				156.4
Other	352.9		(48.4)	15.2	319.8
Consumer Products Total	**3,892.6**	**—**	**(24.1)**	**56.9**	**3,925.4**
Retail Skincare[(1)]	1,751.6		102.0	(50.3)	1,803.3
Perfumes	1,471.8			2.0	1,473.8
Lancôme	831.4		20.3	3.6	855.3
Skincare[(2)]	623.5			6.6	630.2
Make up[(3)]	547.9			16.4	564.2
YSL Beauté	536.2			0.5	536.7
Luxe Total	**5,762.4**	**—**	**122.3**	**(21.3)**	**5,863.4**
SkinCeuticals/Skinbetter Science	727.9	35.1		31.6	794.6
CeraVe	639.6			21.1	660.7
Vichy	322.4			6.3	328.7
La Roche-Posay	169.6		10.1	4.2	184.0
Dermatological Beauty Total	**1,868.5**	**35.1**	**10.1**	**63.3**	**1,968.1**
Lactobio[(4)]	50.7		(50.7)		—
GROUP TOTAL	**13,102.6**	**54.6**	**57.7**	**167.1**	**13,382.0**

(1) *The Cash Generating Unit includes Aēsop and Kiehl's.*
(2) *The Cash Generating Unit includes Biotherm, Carita, HR, Takami and Youth To The People.*
(3) *The Cash Generating Unit includes IT Cosmetics, Shu Uemura and Urban Decay.*
(4) *The goodwill from Lactobio has been allocated to the CGUs Lancôme, L'Oréal Paris and La Roche-Posay.*

The CGUs of the Luxe division were subject to a reallocation in connection with the reorganisation initiated in 2024 of the operating model focused on categories and the associated go to market. The 2023 and prior data have been restated to reflect this new organisation.

2024 acquisitions mainly relate to YesSkin for €35.1 million (purchase price allocation not yet finalised) and Gjosa for €14.6 million.

Other movements mainly include the impairment loss (€48.4 million) on Multicultural Brands and the definitive allocation of the goodwill of Aēsop and Lactobio.

The accumulated impairment losses related to IT Cosmetics, L'Oréal Beauty Device, Multicultural Brands, Magic and Yue Sai amounted to -€547.9 million, -€324.6 million, -€208.3 million, -€157.9 million and -€32.1 million respectively at 31 December 2024.

€ millions 2023	31.12.2022	Acquisitions/ Disposals	Other movements	Translation difference	31.12.2023
Redken/PureOlogy	708.2	8.3		(18.0)	698.4
L'Oréal Professionnel/Kérastase	429.5			(7.1)	422.4
Matrix	428.8			(12.3)	416.5
Professional Products Total	**1,566.5**	**8.3**	**—**	**(37.4)**	**1,537.4**
L'Oréal Paris	1,186.9		10.1	(16.6)	1,180.4
Mass Market make-up	1,060.6		4.4	(26.4)	1,038.6
Garnier	422.4		9.4	(5.9)	425.9
Stylenanda	420.1			(13.2)	406.9
NYX Professional Makeup	341.3			(9.8)	331.4
LaSCAD	156.4				156.4
Other	372.6			(19.8)	352.9
Consumer Products Total	**3,960.3**	**—**	**23.9**	**(91.6)**	**3,892.6**
Retail Skincare(1)	13.5	1,682.3		55.8	1,751.6
Perfumes	1,472.1			(0.3)	1,471.8
Lancôme	836.4			(5.0)	831.4
Skincare(2)	642.5			(19.0)	623.5
Make up(3)	821.4		(249.9)	(23.6)	547.9
YSL Beauté	536.5			(0.2)	536.2
Luxe Total	**4,322.3**	**1,682.3**	**(249.9)**	**7.7**	**5,762.4**
SkinCeuticals/Skinbetter Science	718.5		28.7	(19.3)	727.9
CeraVe	650.9			(11.2)	639.6
Vichy	327.3	(1.5)		(3.4)	322.4
La Roche-Posay	171.9			(2.3)	169.6
Dermatological Beauty Total	**1,868.5**	**(1.5)**	**28.7**	**(36.1)**	**1,859.5**
Lactobio(4)	—	50.7		—	50.7
GROUP TOTAL	**11,717.7**	**1,739.8**	**(197.3)**	**(157.5)**	**13,102.6**

(1) The Cash Generating Unit includes Aēsop and Kiehl's.
(2) The Cash Generating Unit includes Biotherm, Carita, HR, Takami and Youth To The People.
(3) The Cash Generating Unit includes IT Cosmetics, Shu Uemura and Urban Decay.
(4) Allocation of the goodwill from Lactobio to the Cash Generating Units was not yet finalised at 31 December 2023.

2023 acquisitions mainly relate to Aēsop for €1,682.3 million.

Other movements mainly reflect a recognition of an impairment loss of €249.9 million on IT Cosmetics as well as the final goodwill allocation of Skinbetter Science.

€ millions 2022	31.12.2021	Acquisitions/ Disposals	Other movements	Translation difference	31.12.2022
Redken/PureOlogy	678.1	0.7		29.4	708.2
L'Oréal Professionnel/Kérastase	417.9			11.6	429.5
Matrix	409.1			19.7	428.8
Professional Products Total	**1,505.1**	**0.7**	**—**	**60.7**	**1,566.5**
L'Oréal Paris	1,169.4		—	17.5	1,186.9
Mass Market make-up	1,019.9		4.2	36.5	1,060.6
Garnier	466.2		(53.6)	9.8	422.4
Stylenanda	420.7			(0.6)	420.1
NYX Professional Makeup	324.8			16.5	341.3
LaSCAD	156.4				156.4
Other	375.5			(2.8)	372.6
Consumer Products Total	**3,932.9**	**—**	**(49.5)**	**76.9**	**3,960.3**
Perfumes	1,453.5			18.6	1,472.1
Lancôme	837.9			(1.5)	836.4
Make up	803.2			18.1	821.4
Skincare	725.9		(64.2)	(19.2)	642.5
YSL Beauté	536.0			0.4	536.5
Retail Skincare	13.0			0.5	13.5
Luxe Total	**4,369.6**	**—**	**(64.2)**	**16.9**	**4,322.3**
SkinCeuticals/Skinbetter Science	145.1	610.1		(36.7)	718.5
CeraVe	632.0			18.9	650.9
Vichy	321.6			5.6	327.3
La Roche-Posay	168.2			3.7	171.9
Dermatological Beauty Total	**1,266.9**	**610.1**	**—**	**(8.5)**	**1,868.5**
GROUP TOTAL	**11,074.5**	**610.8**	**(113.7)**	**146.0**	**11,717.7**

2022 acquisitions mainly relate to Skinbetter Science for €610.1 million.

Other movements mainly reflect a recognition of an impairment loss (€53.6 million) on Logocos as well as the final goodwill allocation of Youth To The People.

7.2 Other intangible assets

Accounting principles

Intangible assets are recorded on the balance sheet at cost. Intangible assets identified following an acquisition as well as internally generated intangible assets are also included in this item.

a) Intangible assets acquired through business combinations

They mainly consist of brands, customer relationships and formulas and patents.

With regard to brands, the use of the "discounted cash flow" method is preferred to enable the value in use to be monitored more easily following the acquisition. Two approaches have been adopted to date:

- premium-based approach: this method involves estimating the portion of future cash flows that could be generated by the brand, compared with the future cash flows that the activity could generate without the brand;
- royalty-based approach: this involves estimating the value of the brand by referencing the levels of royalties demanded for the use of similar brands. It is based on sales forecasts drawn up by the Group.

These approaches are based on a qualitative analysis of the brand in order to ensure that the assumptions selected are relevant. The discount rate used is based on the weighted average cost of capital (WACC) for the target acquired. Terminal growth rates are consistent with available market data (generally 2.5% for Europe and 3% for the rest of the world, except in specific cases).

A brand may have a finite or an indefinite useful life span.

Local brands which are to be gradually replaced by an international brand already existing within the Group have a finite useful life span.

They are amortised over their useful lives as estimated at the date of acquisition.

International brands are brands which have an indefinite life span. They are tested for impairment at least once a year during the fourth quarter, and whenever an adverse event occurs.

Adverse events may result among other things from an increase in market interest rates or from a decrease in actual net sales or operational profit compared to forecasts.

The impairment test consists of calculating the recoverable amount of the brand based on the model adopted when the acquisition took place.

Customer relationships refer to relations developed with customers either through contractual arrangements or by non-contractual means through constant revenue streams resulting from the target's competitive position or reputation in its market.

The useful life of a customer relationship is limited and varies depending on the estimated attrition rate of existing customers at the time of the acquisition.

The Group may decide to identify and value patents and formulas that it intends to develop.

The value of a patent or a formula is assessed on the basis of the future profits expected from its ownership in the future, in accordance with the royalty-based approach.

The amortisation period applicable to patents corresponds to the period during which they enjoy legal protection.

b) Internally generated intangible assets

These mainly consist of software.

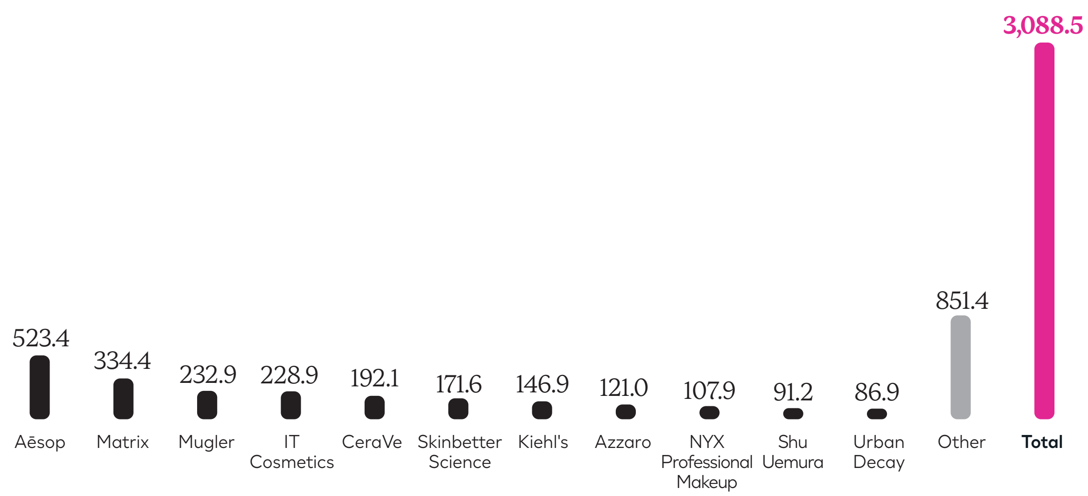
Innovation costs of software for internal use are capitalised for the programming, coding and testing phases. The costs of substantial updates and upgrades resulting in additional functions are also capitalised.

Capitalised innovation costs are amortised from the date the software is made available in the entity concerned and over its probable useful life, which, in most cases, is between five and eight years.

€ million 2024	31.12.2023	Acquisitions/ Depreciation	Disposals/ Reversals	Changes in the scope of consolidation[2]	Other movements[1]	Translation difference	31.12.2024
Brands with indefinite useful life[3]	3,047.9	27.5			(58.8)	72.0	3,088.5
Amortisable brands and product ranges	88.4			(6.1)	1.9	1.5	85.5
Licences and patents	813.5	0.4		39.7	6.9	(1.2)	859.3
Software	1,566.2	37.9	(116.2)	(2.9)	200.2	26.9	1,712.2
Customer relationships	614.6	0.5	(14.7)	2.3	(5.8)	33.5	630.2
Assets under construction	631.8	302.7			(181.3)	5.6	758.7
Others	38.2	15.2	(14.9)	(0.1)	0.1	2.0	40.4
Gross value	**6,800.1**	**384.2**	**(145.7)**	**32.9**	**(37.0)**	**140.2**	**7,174.8**
Brands with indefinite useful life	395.0	1.6			(58.8)	14.3	352.0
Amortisable brands and product ranges	74.9	2.8		(5.4)	1.6	1.3	75.1
Licences and patents	213.6	31.4		(0.8)	(0.1)	1.6	245.6
Software	1,222.5	145.2	(116.1)	(2.6)	4.5	22.7	1,276.3
Customer relationships	574.9	16.7	(14.7)		(5.8)	32.9	603.9
Others	32.1	8.7	(14.9)	(0.1)		1.3	27.1
Depreciation and provisions	**2,513.0**	**206.3**	**(145.7)**	**(9.0)**	**(58.7)**	**74.1**	**2,580.0**
OTHER INTANGIBLE ASSETS – NET	**4,287.1**	**177.9**	**—**	**41.9**	**21.7**	**66.1**	**4,594.8**

(1) Other movements mainly consisted of technology recognised as part of the final allocation of the acquisition price following the acquisition of Lactobio at the end of November 2023 for €9.9 million.
(2) Changes in scope of consolidation mainly correspond to the acquisition of Gjosa (€40.6 million) of technology recognized in the preliminary allocation of the acquisition price.
(3) At end-2024, the gross value of brands with an indefinite useful life span breaks down as follows:

GROSS VALUE OF BRANDS WITH AN INDEFINITE USEFUL LIFE SPAN
(€ millions)



Accumulated impairment losses relating to brands amounted to €130.9 million on Magic, €103.9 million on Clarisonic, €59.3 million on Softsheen-Carson, €44 million on Yue-Sai and €14 million on Biomedic at 31 December 2024.

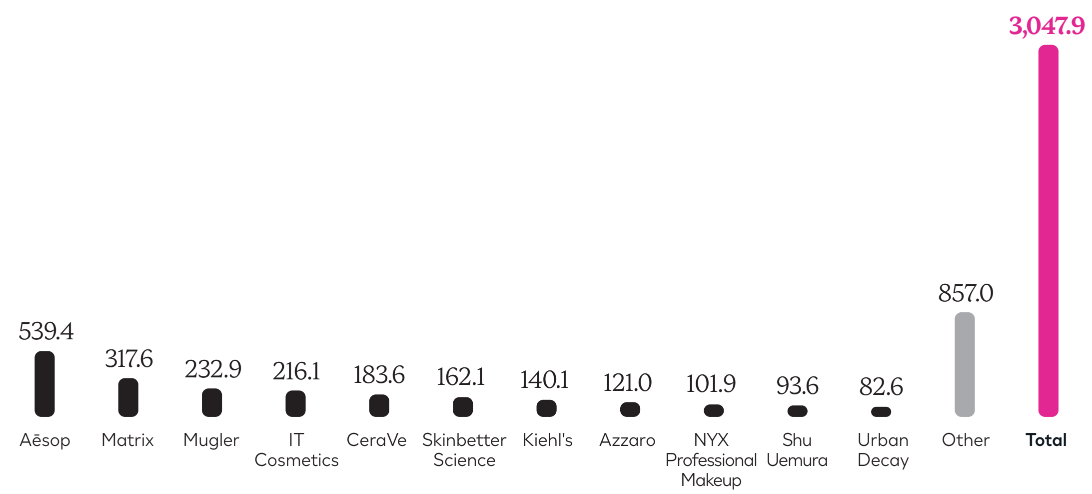
€ million 2023	31.12.2022	Acquisitions/ Depreciation	Disposals/ Reversals	Change in the scope of consolidation[2]	Other movements[1]	Translation difference	31.12.2023
Brands with indefinite useful life[3]	2,589.7	0.1		507.3	(0.1)	(49.1)	3,047.9
Amortisable brands and product ranges	93.9			(8.7)	6.0	(2.8)	88.4
Licences and patents	771.4	1.8	(6.6)	42.1	5.3	(0.5)	813.5
Software	1,624.7	46.6	(169.9)	16.5	80.8	(32.5)	1,566.2
Customer relationships	658.0			(7.4)	(13.8)	(22.2)	614.6
Assets under construction	416.8	296.7			(79.3)	(2.4)	631.8
Others	32.9	10.0	(2.8)	0.8	(1.6)	(1.1)	38.2
Gross value	**6,187.1**	**355.1**	**(179.3)**	**550.6**	**(2.7)**	**(110.7)**	**6,800.1**
Brands with indefinite useful life	403.5	19.8		(14.5)		(13.8)	395.0
Amortisable brands and product ranges	79.6	2.1		(8.7)	4.7	(2.8)	74.9
Licences and patents	210.3	20.3	(6.6)	(12.8)	3.0	(0.6)	213.6
Software	1,241.3	155.0	(169.7)	12.3	7.7	(24.1)	1,222.5
Customer relationships	586.8	18.9		(10.0)	0.5	(21.3)	574.9
Others	25.5	10.0	(2.7)	0.8	(0.6)	(0.9)	32.1
Depreciation and provisions	**2,547.0**	**226.2**	**(179.0)**	**(32.9)**	**15.3**	**(63.5)**	**2,513.0**
OTHER INTANGIBLE ASSETS – NET	**3,640.1**	**128.9**	**(0.2)**	**583.5**	**(18.1)**	**(47.2)**	**4,287.1**

(1) Other movements mainly consisted of the reduction in the gross value of the recognized customer relationship following the finalization of the allocation of the price paid for the Skinbetter Science acquisition for €13.8 million.

(2) Changes in scope of consolidation mainly correspond to the provisional allocation of Aēsop goodwill to the brand (€521.8 million), technology (€54.9 million) and software for €4.2 million.

(3) At end-2023, the gross value of brands with an indefinite useful life span breaks down as follows:

GROSS VALUE OF BRANDS WITH AN INDEFINITE USEFUL LIFE SPAN
(€ millions)



Accumulated impairment losses relating to brands amounted to €126.3 million on Magic, €98.4 million on Clarisonic, €58.8 million on Decléor, €55.1 million on Softsheen-Carson, €42.4 million on Yue-Sai and €14 million on Biomedic at 31 December 2023.

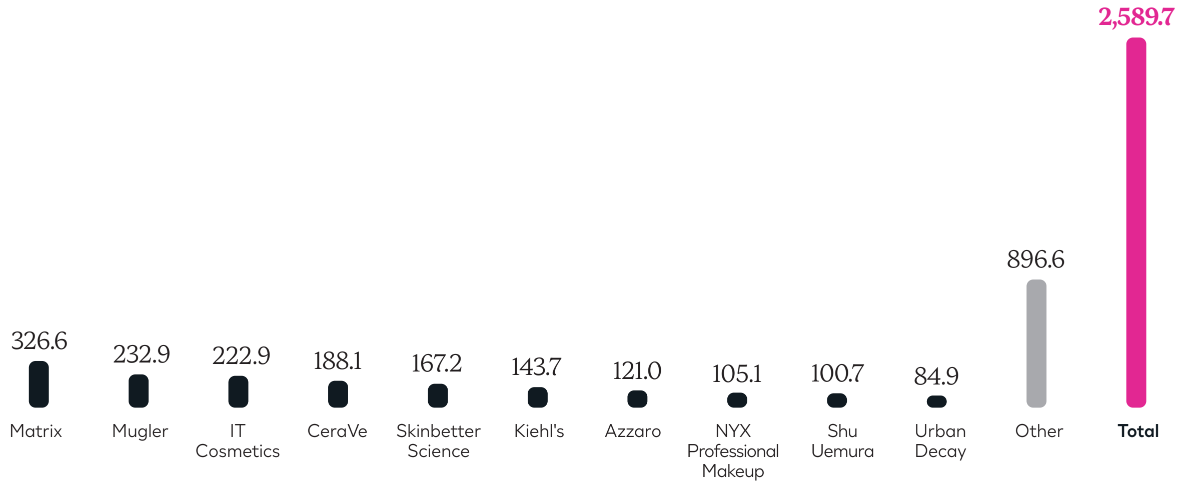
€ million 2022	31.12.2021	Acquisitions/ Depreciation	Disposals/ Reversals	Change in the scope of consolidation[2]	Other movements[1]	Translation difference	31.12.2022
Brands with indefinite useful life[3]	2,301.0	10.8	(15.7)	182.0	65.0	46.6	2,589.7
Amortisable brands and product ranges	94.1	0.1			0.7	(1.0)	93.9
Licences and patents	765.5	1.8	(0.1)	4.7	(0.4)	(0.1)	771.4
Software	1,739.1	63.4	(59.1)		(137.3)	18.6	1,624.7
Customer relationships	613.0	0.5		21.5		23.0	658.0
Assets under construction	327.2	257.0	(2.6)		(165.5)	0.7	416.8
Others	31.5	6.2	(6.3)		0.2	1.3	32.9
Gross value	**5,871.4**	**339.7**	**(83.9)**	**208.2**	**(237.4)**	**89.1**	**6,187.1**
Brands with indefinite useful life	347.8				53.5	2.2	403.5
Amortisable brands and product ranges	77.9	2.2			0.5	(1.0)	79.6
Licences and patents	194.7	15.0	(0.1)		(0.5)	1.3	210.3
Software	1,229.2	166.5	(59.1)		(109.1)	13.8	1,241.3
Customer relationships	536.6	27.7				22.5	586.8
Others	22.5	8.4	(6.3)			0.9	25.5
Depreciation and provisions	**2,408.7**	**219.7**	**(65.5)**	**—**	**(55.6)**	**39.7**	**2,547.0**
OTHER INTANGIBLE ASSETS – NET	**3,462.8**	**120.0**	**(18.4)**	**208.2**	**(181.9)**	**49.4**	**3,640.1**

(1) Other movements mainly consisted of the impact of the reclassification at the beginning of the year on SaaS projects (-€193 million), the allocation of goodwill (€65 million) to the brand from the acquisition of Youth To The People, and the impairment of the brand Decléor (-€39 million) and brands Logona and Santé (-€14.5 million).

(2) Changes in the scope of consolidation mainly correspond to the temporary allocation of goodwill (€182 million) to the brand from the acquisition of Skinbetter Science, and to customer relationships (€21.5 million) and technology (€4.6 million).

(3) At end-2022, the gross value of brands with an indefinite useful life span breaks down as follows:

Gross Value Of Brands With An Indefinite Useful Life Span
(€ millions)



Accumulated impairment losses relating to brands amounted to €39 million on Decléor, €14.5 million on Logona and Santé, €133.4 million on Magic, €101.4 million on Clarisonic, €56.5 million on Softsheen-Carson, €44.8 million on Yue-Sai and €14 million on Biomedic at 31 December 2022.

7.3 Impairment tests on intangible assets

Accounting principles

Goodwill is not amortised. It is tested for impairment at least once a year during the fourth quarter or whenever an adverse event occurs. Adverse events may result among other things from an increase in market interest rates or from a decrease in actual net sales or operational profit compared to forecasts.

Impairment tests consist of comparing the carrying amount of assets including goodwill and brands with the recoverable amount of each Cash Generating Unit. A Cash Generating Unit corresponds to one or more worldwide brands. A Cash Generating Unit can contain several brands in case of similar marketing position or depending on organisational criteria and particularly when distribution circuits and commercial/management structures are pooled. Recoverable values are determined on the basis of discounted operating cash flow forecasts covering a period of 10 years (the period considered necessary for the strategic positioning of an acquisition) and a terminal value. The cash flows are determined in the currencies of the countries in question and are translated, in the same way as the net carrying amounts to which they are compared, at the estimated exchange rate for the following year. The discount rate used for these calculations is based on the weighted average cost of capital (WACC), which amounted to 8.3% in 2024, to 9.2% in 2023 and 8.8% in 2022 for amounts in euro, adjusted where appropriate by a country risk premium according to the geographic zones concerned. The discount rates are post-tax rates applied to post-tax cash flows, and result in recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows. The assumptions adopted in terms of sales growth and terminal values are reasonable and consistent with the available market data (generally 2.5% for Europe and 3% for the rest of the world for terminal values except in specific cases).

The use of discounted cash flow forecasts is preferred in order to determine recoverable amounts, unless details of similar recent transactions are readily available.

Impairment charged against goodwill cannot be reversed.

Impairment tests of Cash Generating Units for which the carrying amount of goodwill and intangible assets with indefinite useful lives is significant, are carried out based on the following data and assumptions:

€ millions	2024	2023	2022
Net carrying amount of goodwill and brands with an indefinite useful life[(1)]			
Retail Skincare (Luxe)	2,473.5	2,431.2	157.2
Perfumes	1,844.0	1,842.0	1,842.2
L'Oréal Paris	1,259.7	1,227.7	1,235.7
Mass Market Makeup	1,132.1	1,086.7	1,109.5
Make up (Luxe)	971.2	940.2	1,229.8
SkinCeuticals/Skinbetter Science	999.7	921.5	938.2
Lancôme	869.4	845.0	850.8
CeraVe	852.9	823.2	839.0
Redken/PureOlogy	833.3	789.6	802.4
Matrix	773.3	734.1	755.4
Skincare (Luxe)	722.4	712.3	733.2
YSL Beauté	536.7	536.2	536.4
Stylenanda	464.0	478.0	493.8
Garnier	424.7	440.7	436.6
NYX Professional Makeup	457.8	433.3	446.4
L'Oréal Professionnel/Kérastase	449.8	422.4	429.5
Vichy	328.8	322.4	327.3
Multicultural Brands	62.3	106.1	111.8

(1) Including acquisitions during the year.

Goodwill

Due to a slowdown in the activity of the Multicultural Brands CGU leading to a downward review of the ambitions of the business plan, an impairment loss was recorded for €50 million.

The recoverable value of the Multicultural Brands Cash Generating Unit amounts to €106 million at the end of December 2024.

The discount ratess used at 31 December 2024 for this test were between 6.1% and 15.3% including 8.3% for the USA and 8.3% for international. This rate is the result of specific rates for each market or geographic zone based on the risks they represent.

At 31 December 2024, a 1% increase in the discount rate on all the Group's Cash Generating Units would lead to an impairment loss risk of around €33.7 million.

A 1% decrease in the terminal growth rate on all the Group's Cash Generating Units would lead to an impairment loss risk of around €14.8 million.

The terminal growth rate is consistent with market data, i.e. 2.5% for Europe and 3.0% for the rest of the world.

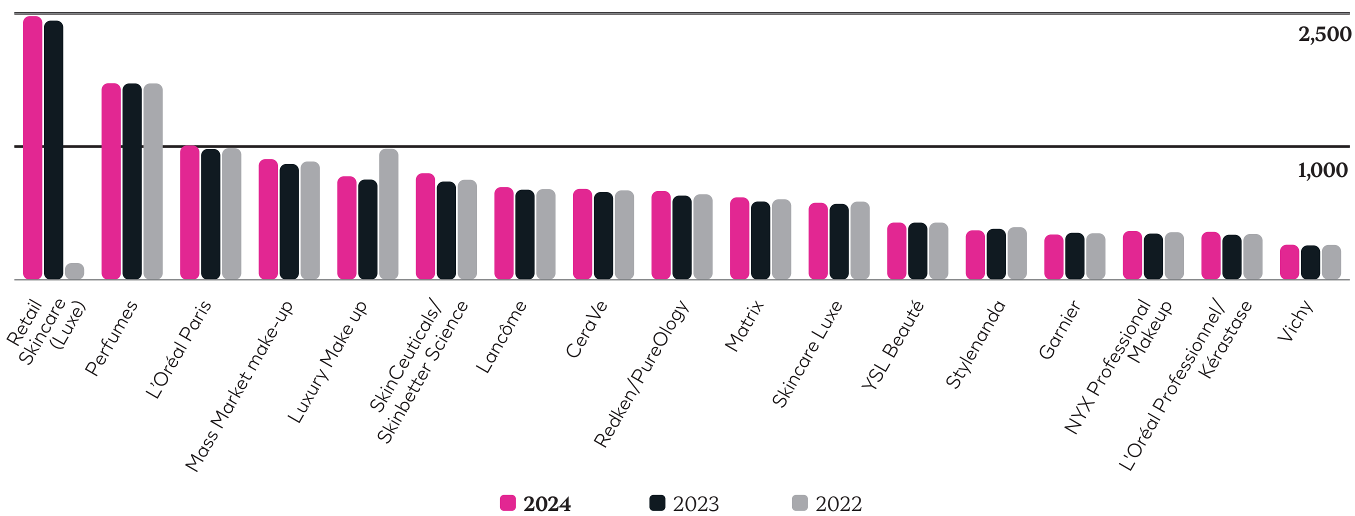
A 1-point decrease in the margin rate over the business plan period on all the Group's Cash Generating Units would lead to an impairment loss risk of around €17.2 million.

Climate change risks and opportunities

L'Oréal used two opposing scenarios to measure the risks and opportunities related to climate change that could impact the Group's activities in the medium and long term. The methodology used is in line with the practices of the TCFD (Task Force on Climate-related Financial Disclosures) and the TNFD (Taskforce on Nature-related Financial Disclosures). The scenarios used are:

- the IPCC SSP1-2.6 scenario (formerly RCP 2.6) called Climate Nature Equilibrium. This scenario foresees strong international cooperation to limit global warming to 1.5°C, in line with the Paris Agreement, by focusing on sustainable development and effective climate policies;
- the IPCC SSP5-8.5 scenario (formerly RCP 8.5) called Disorderly and Degraded based on warming above 4°C, with strong population growth, limited environmental regulations and minimal efforts to combat climate change. The integration of these scenarios into the business plans of the CGUs at risk did not reveal any significant impact likely to generate a risk of depreciation of assets.

The net carrying amount of goodwill and brands with indefinite useful life breaks down as follows for the largest Cash Generating Units:



Note 8 Investments accounted for under the equity method

€ millions	31.12.2024	31.12.2023	31.12.2022
Investments accounted for under the equity method			
Amouage[1]	102.0	—	—
LIPP Distribution	12.1	12.0	9.9
Loshian Co[2]	—	5.8	8.1
Salon Interactive	11.9	8.8	—
Other	0.4	0.5	0.5
TOTAL	**126.4**	**27.0**	**18.4**

(1) *Acquisition of a 25% stake in Amouage in 2024.*
(2) *Depreciation of the stake due to the liquidation planned for early 2025.*

Note 9 Financial assets and liabilities – Cost of debt

Accounting principles

Finance costs, net

Net financial debt consists of all current and non-current financial borrowings and debt, less cash and cash equivalents.

Net finance costs consist of income and expenses arising on the items making up net financial debt during the accounting period, including gains and losses on the corresponding foreign exchange rate hedges.

Borrowings and debt

Borrowings and debt are valued at amortised cost based on an effective interest rate.

Borrowings are therefore valued at issue at the present value to be paid, then at the amortized cost, calculated using the Effective Interest Rate (EIR). Transaction costs directly attributable to the acquisition or issue of a financial liability are reduced by the value of this financial liability. The costs are then actuarially amortized over the life of the liability, using the EIR method.

In accordance with the principle of fair value hedge accounting, fixed-rate borrowings and debt swapped at a floating rate are valued on the balance sheet at market value. The resulting changes in value are recorded as finance costs and are offset by changes in the value of the related interest rate swaps.

The fair value of fixed-rate debt is determined by the discounted cash flow method using bond yield curves at the closing date, allowing for the spread corresponding to the Group's risk class to be taken into account.

The carrying amount of floating-rate debt is a reasonable approximation of its fair value.

Medium- and long-term borrowings and debt are recorded under Non-current liabilities. Short-term borrowings and debt as well as the current portion of medium- and long-term borrowings and debt are presented under Current liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank accounts, units of cash unit trusts and liquid short-term investments with a negligible risk of changes in value and a maturity date of less than three months at the date of acquisition.

Investments in shares and cash, which are held in an account blocked for more than three months, cannot be recorded under cash and are presented under Other current assets.

Bank overdrafts considered to be financing are presented in Current borrowings and debt.

The money-market unit trusts are classified as financial assets at fair value through profit or loss. As such, they are valued in the balance sheet at their market value at the closing date. Any related unrealised gains are accounted for in Finance costs, Net in the income statement.

The carrying amount of bank deposits is a reasonable approximation of their fair value.

Non-current financial assets

Non-current financial assets include investments in non-consolidated companies and long-term loans and receivables maturing after more than 12 months.

Investments in non-consolidated companies are classified as financial assets at fair value through other comprehensive income. As such, they are valued on the basis of their fair value, and unrealised losses and gains are accounted for through equity on the line Other comprehensive income.

The fair value of listed securities is determined on the basis of the share price at the closing date. For unlisted securities, in the absence of specific events, their acquisition cost is deemed to be the best possible estimate of fair value.

Long-term loans and receivables are considered to be assets generated by the business. As such, they are valued at amortised cost. If there is an indication of a loss in value, a provision for impairment is recorded.

9.1 Borrowings and debt

The Group conducts bond issues to cover its medium-term financing needs and issues short-term marketable instruments in France and commercial paper in the US to cover its financing needs in the short term. None of the Group's borrowings or debt contains an early repayment clause linked to financial ratios (covenants).

9.1.1 Debt by type

	31.12.2024		31.12.2023		31.12.2022	
€ millions	Non-current	Current	Non-current	Current	Non-current	Current
Short-term marketable instruments	—	—	—	—	—	795.2
MLT bank loans	—	—	—	—	—	—
Lease debt	1,458.0	468.6	1,394.2	459.8	1,213.5	407.0
Overdrafts	—	36.3	—	67.0	—	81.7
Other borrowings and debt	209.5	263.4	18.3	219.3	17.8	122.3
Bonds	4,977.6	1,081.6	4,728.3	1,805.1	2,999.8	13.5
TOTAL	**6,645.1**	**1,849.9**	**6,140.8**	**2,551.3**	**4,231.1**	**1,419.8**

9.1.2 Bonds and EMTN

Tranches *€ millions*	Issuance type	Issuance date	Rate type	EIR(1)	Maturity date	31.12.2024(4)	31.12.2023(4)	31.12.2022
750	—	March 2022	Floating	2.40%	March 2024	—	754.5	758.4
1,000	—	March 2022	Fixed	0.58%	March 2024	—	1,002.3	1,000.3
1,250	SLB(2)	March 2022	Fixed	0.96%	June 2026	1,253.9	1,252.9	1,254.6
1,000	EMTN(3)	May 2023	Fixed	3.39%	May 2025	1,018.4	1,015.8	—
1,000	EMTN(3)	May 2023	Fixed	3.08%	May 2028	1,011.3	1,009.5	—
800	EMTN(3)	November 2023	Fixed	3.52%	January 2027	827.5	799.4	—
700	EMTN(3)	November 2023	Fixed	3.47%	November 2029	699.5	699.0	—
750	EMTN(3)	November 2024	Fixed	2.71%	November 2027	748.5	—	—
500	EMTN(3)	November 2024	Fixed	2.94%	November 2031	500.2	—	—
TOTAL 7,750						**6,059.2**	**6,533.4**	**3,013.3**

(1) *Effective interest rate.*
(2) *Sustainability linked Bond.*
(3) *Euro Medium Term Notes.*
(4) *including undisbursed short-term and long-term accrued interest.*

Bond issues are mainly carried out as part of a "Euro Medium-Term Notes" program with a ceiling of €5 billion at 31 December 2024.

Sustainability-linked Bond

On 22 March 2022, the Group issued its first Sustainability-linked bond. This fixed-rate issue with a maturity of 4 years and 3 months and an amount of €1,250 million, has a coupon of 0.875% per year.

The financial characteristics of the Sustainability-linked bond are linked to three sustainability performance targets:

- all sites operated by L'Oréal will achieve 100% renewable energy (formerly called "carbon neutral") by 31 December 2025;
- Greenhouse gas emissions (Scopes 1, 2 and 3) from production to point of sale (cradle-to-shelf) will be reduced by 14% per product sold by 2025 compared to the 2021 reference year;
- 50% of the Group's plastic packaging will be of recycled or bio-sourced origin by 2025.

New issue during the financial year

On 29 October 2024, the Group placed a bond issue for a total nominal amount of €1.25 billion, comprising two tranches:

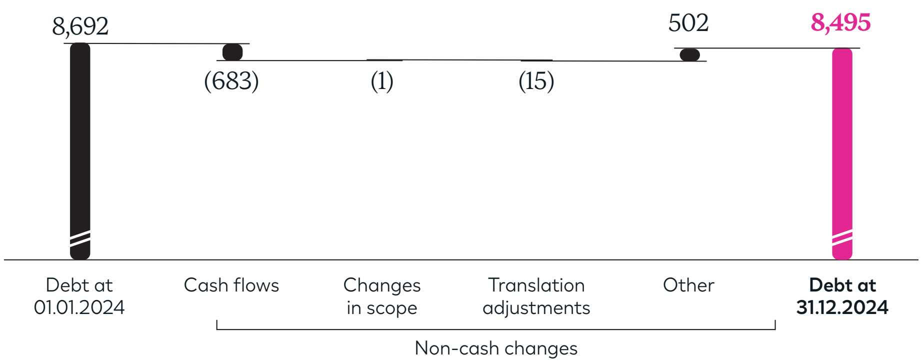
- a €750 million tranche with a 3-year maturity, with a fixed-rate coupon of 2.50% per year;
- a €500 million tranche with a 7-year maturity, with a fixed-rate coupon of 2.875% per year.

The bond issue was carried out in order to partially refinance the Galderma equity investment.

9.1.3 Change in debt

€ millions	31.12.2023	Cash-flows	"Non-cash" changes				31.12.2024
			Changes in the scope of consolidation	Translation adjustments	Changes in fair value	Other[1]	
Short-term marketable instruments	—	—	—	—	—	—	—
MLT bank loans	—	—	—	—	—	—	—
Lease debt	1,854.0	(474.3)	2.5	38.9	—	505.5	1,926.6
Overdrafts	67.0	18.4	—	(49.2)	—	—	36.3
Other borrowings and debt	237.6	247.2	(3.2)	(5.2)	—	-3.8	472.8
Bond	6,533.4	(474.2)	—	—	—	—	6,059.2
TOTAL	**8,692.0**	**(682.8)**	**(0.7)**	**(15.4)**	**—**	**501.8**	**8,495.0**

(1) *These are renewals and amendments to contracts and new leases location.*



9.1.4 Debt by maturity date

€ millions	31.12.2024	31.12.2023	31.12.2022
Less than 1 year[1]	1,849.9	2,551.3	1,419.8
1 to 5 years	5,627.4	5,022.1	3,859.0
More than 5 years	1,017.7	1,118.6	372.1
TOTAL	**8,495.0**	**8,692.1**	**5,650.9**

(1) *At 31 December 2024, the Group had confirmed undrawn credit lines for €5,000 million as at 31 December 2023 and 31 December 2022. These lines were not subject to any covenants.*

These estimates are computed on the basis of the effective interest rate at the end of the financial year, after allowing for hedging instruments and assuming that no debt is rolled over at maturity.

9.1.5 Debt by currency excluding lease debts

€ millions	31.12.2024	31.12.2023	31.12.2022
Euro (EUR)	6,077.5	6,550.6	3,065.7
Chinese Yuan (CNY)	204.4	—	—
Korean Won (KRW)	74.0	105.7	7.8
Chilean Peso (CLP)	31.0	15.0	8.7
US dollar (USD)	28.5	12.8	822.2
Turkish lira (TRY)	22.4	30.0	46.2
Malaysian Ringgit (MYR)	20.4	—	—
Colombian Peso (COP)	19.4	—	25.2
Taiwanese Dollar (TWD)	18.2	—	—
Kenyan Shilling (KES)	14.8	9.4	10.0
Peruvian Sol (PEN)	14.1	11.4	—
Other	43.7	103.2	44.5
TOTAL	**6,568.4**	**6,838.1**	**4,030.3**

9.1.6 Breakdown of fixed rate – floating rate debt

€ millions	31.12.2024	31.12.2023	31.12.2022
Floating rate	82.3	821.5	1,638.5
Fixed rate including lease debts	8,412.7	7,870.6	4,012.4
TOTAL	**8,495.0**	**8,692.1**	**5,650.9**

9.1.7 Effective interest rates

At the end of 2024 as at the end of 2023, the negotiable securities at closing have been fully repaid. In 2022, the effective interest rate on the debt on short-term negotiable securities, after taking into account hedging instruments, amounts to 1.68% in 2022.

The effective interest rate on bonds issued in 2022, 2023 and 2024 by the Group amounts to 2.74% in 2024.

There is no medium-term bank loan at 31 December 2024, as at 31 December 2023 and 31 December 2022.

9.1.8 Average debt interest rates

Average debt interest rates after allowing for hedging instruments break down as follows:

	31.12.2024	31.12.2023	31.12.2022
Euro (EUR)	2.66%	2.09%	0.26%
US dollar (USD)	3.39%	3.58%	2.18%

9.1.9 Fair value of borrowings and debt

The fair value of fixed-rate debt is determined for each loan by discounting future cash flows, based on bond yield curves at the balance sheet date, after allowing for the spread corresponding to the Group's risk rating.

The net carrying amount of outstanding bank loans and other floating-rate loans is a reasonable approximation of their fair value.

The fair value of borrowings and debt excluding IFRS 16 amounted to €6,568.4 million at 31 December 2024, compared with €6,838.1 million at 31 December 2023 and €4,030.3 million at 31 December 2022.

9.1.10 Debt covered by collateral

No debt was covered by material amounts of collateral at 31 December 2024, 2023 and 2022.

9.1.11 Confirmed credit lines

At 31 December 2024, L'Oréal and its subsidiaries had €5,000 million of confirmed undrawn credit lines, as at 31 December 2023 and 31 December 2022.

The maturities of the credit lines at 31 December 2024 are broken down as follows:

- €0 million at less than one year;
- €5,000.0 million between one and five years;
- €0 million at more than five years.

9.2 Cash and cash equivalents

	31.12.2024		31.12.2023		31.12.2022	
€ millions	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Marketable securities	1,829.3	1,829.3	624.1	624.1	718.5	718.5
Bank accounts and other cash and cash equivalents[1]	2,223.0	2,224.4	3,664.0	3,664.2	1,899.2	1,899.4
TOTAL	**4,052.3**	**4,053.7**	**4,288.1**	**4,288.3**	**2,617.7**	**2,617.9**

(1) Including €210 million in cash in countries in which cash repatriation is difficult.

Marketable securities consist mainly of SICAV money-market funds and unit trusts (on which the return is based on EONIA). They are considered as financial assets at fair value through profit or loss.

Term accounts with a maturity of less than three months at inception are shown on the Bank accounts and other cash and cash equivalents line.

9.3 Non-current financial assets

	31.12.2024		31.12.2023		31.12.2022	
€ millions	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Investments in non-consolidated companies						
Sanofi[1]	11,082.6	4,033.5	10,612.1	4,033.5	10,621.5	4,033.5
Galderma[2]	2,550.0	1,812.9	—	—	—	—
Other listed securities[3]	23.2	103.4	60.9	103.3	99.7	95.2
Unlisted securities[4]	554.9	552.2	458.3	437.8	392.6	441.4
Financial assets at amortised cost						
Non-current loans and receivables	156.0	159.4	171.0	175.0	139.0	141.1
Surplus funds for pension scheme commitments held in assets	**471.3**		**329.4**		**400.0**	
TOTAL	**14,838.1**	**6,661.4**	**11,631.6**	**4,749.6**	**11,652.8**	**4,711.2**

(1) L'Oréal's stake in Sanofi was 9.36% at 31 December 2024. The carrying amounts at 31 December 2024, 31 December 2023 and 31 December 2022 (€11,082.6 million, €10,612.1 million and €10,621.5 million, respectively) correspond to the market value of the shares based on the closing price at each of these dates (€93.74, €89.76 and €89.84, respectively). The acquisition cost of €4,033.5 million corresponds to an entry cost of €34.12. The investment is measured at fair value through other comprehensive income.

(2) L'Oréal's stake in Galderma was 10% at 31 December 2024. The carrying amount at 31 December 2024 of €2,550.0 million corresponds to the market value of the shares based on the closing price at this date of 100.64 CHF (equivalent €107.19). The acquisition cost of €1,812.9 million (including acquisition fees) corresponds to an entry cost of 71.11 CHF (equivalent €75.60). The investment is measured at fair value through other comprehensive income.

(3) This heading includes listed securities of biotechnology start-ups as well as Euroapi shares for €14.8 million (reassessed cost).

(4) This heading mainly includes:
- Strategic investments in investment funds measured at fair value through other comprehensive income of which €50 million subscribed in the Circular Innovation Fund, €75 million subscribed in the L'Oréal Fund for Nature Regeneration (of which €15 million subscribed over 2023), €10.8 million subscribed in 2024 in the Solstice Fund – designed to accelerate the decarbonization of their industrial suppliers – and the remainder relates to securities of Chando in 2024 for €58.4 million as well as other holdings in start-ups and other investment funds.
- In the absence of specific events, their acquisition cost is deemed to be the best possible estimate of fair value.

9.4 Other financial income and expenses

This item is broken down as follows:

€ millions	2024	2023	2022
Interest component of pension costs	(10.9)	(2.2)	(6.5)
Other financial income and expenses	(25.8)	(46.6)	(65.8)
TOTAL	**(36.7)**	**(48.8)**	**(72.3)**

Note 10 Derivatives and exposure to market risks

Accounting principles

Derivative instruments entered into to hedge identifiable foreign exchange and interest rate risks are accounted for in accordance with hedge accounting principles.

Forward foreign exchange contracts and options are put in place in order to hedge items recorded in the balance sheet (fair value hedges) and cash flows on highly probable future commercial transactions (cash flow hedges).

All foreign exchange hedging instruments are recorded on the balance sheet at their market value, including those which relate to purchases and sales in the next accounting period. Hence changes in the fair value of these hedging instruments is recorded in shareholders' equity and the amount accumulated in shareholders' equity impacts the result on the date of completion of hedged transactions.

Any remaining hedge ineffectiveness is recognised directly in the income statement.

In accordance with hedge accounting, unrealised exchange gains and losses relating to unsold inventories are deferred in the inventories item in the balance sheet. Similarly, if a currency hedge has been taken out in respect of fixed assets purchased with foreign currency, these assets are valued in the balance sheet on the basis of the hedging rate.

The Group may decide to hedge certain investments in foreign companies. Exchange gains or losses relating to these hedges are directly charged to consolidated equity, under the item Cumulative translation adjustments.

With regard to interest rate risk, fixed-rate debt and financial loans hedged by interest rate swaps are valued in the balance sheet at their market value. Changes in the fair value of these items are recorded as finance costs and offset by adjustments to the fair value of the related hedging derivatives. Floating-rate debt and financial loans are valued at cost, which corresponds to their market value. The swaps or caps which hedge these items are valued in the balance sheet at their market value, with changes in value recorded directly through equity on the Other comprehensive income item.

The fair value of interest rate derivative instruments is their market value. This market value is calculated by the discounted cash flow method at the interest rate effective at the closing date.

To manage its exposure to currency and interest rate risks arising in the course of its normal operations, the Group uses derivatives negotiated with counterparties rated investment grade.

In accordance with Group rules, currency and interest rate derivatives are set up exclusively for hedging purposes.

10.1 Hedging of currency risk

The Group is exposed to currency risk on commercial transactions recorded on the balance sheet and on highly probable future transactions.

The Group's policy regarding its exposure to currency risk on future commercial transactions is to hedge, before the end of the year, a large part of the currency risk for the following year, using derivatives based on operating budgets in each subsidiary.

All the Group's future foreign currency flows are analysed in detailed forecasts for the coming budgetary year. Any currency risks identified are hedged by forward contracts or options in order to reduce as far as possible the currency exposure of each subsidiary. The term of the derivatives is aligned with the Group's settlements. Exchange rate derivatives are negotiated by FINVAL or, in exceptional cases, directly by the Group's subsidiaries. Such transactions are supervised by the Group's Treasury department.

As a non-financial corporation, FINVAL is subject to the European Market Infrastructure Regulations (EMIR). Published by the European Commission in September 2012, EMIR is aimed at moving OTC markets towards a centralised model, thereby enhancing market transparency and regulatory oversight and decreasing systemic risk using a guarantee mechanism. As the Group's companies must borrow and invest their cash in their own currency, the exchange rate risks generated by managing their own cash and debt are almost non-existent.

Owing to the Group's policy of currency risk hedging a large part of annual requirements for the following year before the end of the current year, the sensitivity of profit or loss to changes in foreign exchange rates at 31 December is marginal. The impact of changes in foreign exchange rates on the foreign exchange cash flow hedges reserve is described in note 11.3.

All derivative financial instruments held for currency risk hedging purposes have a maturity of less than 18 months at inception and break down as follows:

	Nominal			Market value		
€ millions	31.12.2024	31.12.2023	31.12.2022	31.12.2024	31.12.2023	31.12.2022
Currency futures						
Purchase of EURO against foreign currencies	**4,322.6**	**4,724.1**	**2,991.9**	**(83.9)**	**40.7**	**17.4**
EUR/CNY	1,211.1	1,414.5	629.7	(23.6)	44.4	24.7
EUR/SGD	528.6	746.9	750.9	(14.7)	(0.1)	(12.6)
EUR/GBP	479.2	410.0	231.0	(16.0)	(6.9)	3.6
EUR/USD	447.3	505.8	197.6	(36.9)	9.8	3.7
EUR/MXN	237.2	266.3	249.2	11.5	(8.4)	(5.7)
EUR/BRL	171.1	205.9	171.3	15.1	(3.7)	1.2
EUR/CAD	161.4	148.2	46.0	0.2	0.1	8.5
EUR/AUD	147.9	188.6	143.3	4.2	(1.9)	3.6
EUR/CLP	96.3	87.5	91.6	0.8	3.1	(5.9)
EUR/DKK	74.3	105.4	60.6	0.1	0.2	—
EUR/SAPMENA currencies	244.7	191.3	182.9	(11.0)	1.7	5.3
EUR/Europe currencies	212.8	—	15.3	(5.8)	—	(13.1)
EUR/North Asia currencies	203.0	359.0	154.8	(4.3)	4.6	1.0
EUR/Latin America currencies	54.8	54.7	38.5	(3.1)	(1.3)	2.6
EUR/SSA currencies	52.9	40.0	29.1	(0.4)	(0.9)	0.5
Sale of EUR against foreign currencies	**—**	**56.0**	**—**	**—**	**(3.9)**	**—**
EUR/ Europe	—	56.0	—	—	(3.9)	—
Purchase of USD against foreign currencies	**503.4**	**471.1**	**637.5**	**28.5**	**1.3**	**(5.1)**
USD/North Asia currencies	189.3	284.4	363.4	7.6	1.3	1.1
USD/Latin America currencies	186.6	127.3	183.0	15.4	0.6	(8.9)
USD/CAD	121.3	51.6	85.9	5.2	(0.3)	2.9
USD/SSA currencies	6.2	7.8	5.2	0.2	(0.2)	(0.2)
Sale of USD against foreign currencies	**909.2**	**1,101.9**	**1,924.8**	**(27.2)**	**7.9**	**81.9**
USD/SAPMENA currencies	860.2	1,075.5	1,916.7	(26.1)	7.4	83.3
USD/Other currencies	49.0	26.4	8.0	(1.1)	0.5	(1.4)
Other currency pairs	**789.8**	**772.4**	**1,014.2**	**(7.3)**	**(8.7)**	**(2.1)**
CNY / SGD	153.7	193.7	309.0	0.2	(6.1)	(8.1)
DKK / SEK	95.4	76.8	76.5	(0.8)	(3.1)	2.0
KRW / JPY	50.8	46.6	47.6	(2.1)	1.3	1.3
Other currency pairs	489.9	455.2	581.2	(4.6)	(0.7)	2.7
CURRENCY FUTURES TOTAL	**6,525.0**	**7,125.5**	**6,568.3**	**(89.9)**	**37.3**	**92.2**
Currency options						
EUR/USD	260.4	—	—	2.9	—	—
CURRENCY OPTIONS TOTAL	**260.4**	**—**	**—**	**2.9**	**—**	**—**
Of which total options purchased	260.4	—	—	2.9	—	—
Other hedging elements						
Cross Currency Swap	1,554.1	1,620.1	604.2	4.8	13.5	(1.3)
OTHER ELEMENTS TOTAL	**1,554.1**	**1,620.1**	**604.2**	**4.8**	**13.5**	**(1.3)**
TOTAL	**8,339.5**	**8,745.6**	**7,172.6**	**(82.1)**	**50.8**	**90.9**

The market values by type of hedging are as follows:

€ millions	2024	2023	2022
Fair value hedges[1]	0.1	47.9	(42.7)
Cash flow hedges	(82.2)	2.7	133.4
TOTAL	**(82.1)**	**50.6**	**90.7**

(1) *Fair value hedges relate to currency risks on operating receivables and payables as well as on foreign currency investments and financing.*

The fair value of the derivatives is their market value.

10.2 Foreign exchange gains and losses

Accounting principles

Foreign exchange gains and losses resulting from the difference between the value of foreign currency operating income and expenses translated at the spot rate effective on the transaction date and at the exchange rate effective on the settlement date are recognised directly on the appropriate income and expense lines, after allowing for hedging derivatives.

Foreign exchange gains and losses break down as follows:

€ millions	2024	2023	2022
Time value	(9.6)	(121.7)	(105.1)
Other foreign exchange gains and losses	9.0	41.1	(309.6)
TOTAL	**(0.6)**	**(80.6)**	**(414.7)**

Foreign currency transactions are translated at the spot rate at the transaction date.

Assets and liabilities denominated in foreign currencies have been translated using the exchange rates effective at the closing date. Foreign exchange gains and losses also include the following items relating to derivative instruments:

- changes in market value linked to variations in the spot rate between the inception of the hedge and the date when the hedged transactions are completed;
- residual ineffectiveness linked to excess hedges and recognised directly in the income statement under other foreign exchange gains and losses for -€6.5 million, €1.6 million and €24.5 million in 2024, 2023 and 2022, respectively.

These amounts are allocated to the appropriate operating expense items. They are broken down as follows:

€ millions	2024	2023	2022
Cost of sales	(0.4)	(49.2)	(324.2)
Research and innovation expenses	(0.1)	(12.0)	29.6
Advertising and promotion expenses	(0.1)	(8.7)	(61.5)
Selling, general and administrative expenses	(0.1)	(10.7)	(58.7)
FOREIGN EXCHANGE GAINS AND LOSSES	**(0.6)**	**(80.6)**	**(414.7)**

10.3 Hedging of interest rate risk

The Group did not have any interest rate hedging instruments at 31 December 2024, 2023 and 2022.

10.4 Sensitivity to changes in interest rates

An increase of 100 basis points in interest rates would have had a direct positive impact of €39.7 million on the Group's net finance costs at 31 December 2024, compared with a direct positive impact of €34.7 million at 31 December 2023 and a direct positive impact of €9.8 million at 31 December 2022. This calculation allows for cash, cash equivalents and derivatives, and assumes that total net debt/cash remains stable and that fixed-rate debt at maturity is replaced by floating-rate debt.

The impact of a 100 basis point rise in interest rates on the fair value of the Group's fixed-rate financial assets and liabilities, after allowing for any interest rate derivatives, can be estimated at -€64.9 million at 31 December 2024 compared with -€60.2 million at 31 December 2023 and –€23.9 million at 31 December 2022.

10.5 Counterparty risk

The Group has financial relations with international banks rated investment grade by specialised agencies. The Group thus considers that its exposure to counterparty risk is low.

Furthermore, the financial instruments used to manage exchange rate and interest rate risk are issued by leading international banking counterparties.

Accordingly, the Group considers its exposure to counterparty risk to be low.

10.6 Liquidity risk

The Group's liquidity risk can be assessed on the basis of its outstanding short-term debt under its short-term marketable instruments programme. Should these bank facilities not be renewed, the Group would have confirmed undrawn credit lines of €5,000 million at 31 December 2024. These lines were not subject to any covenants.

10.7 Shareholding risk

No cash has been invested in shares.

Available cash is invested with top-ranking financial institutions in the form of non-speculative instruments which can be drawn in very short periods. At 31 December 2024, marketable securities consist exclusively of unit trusts (note 9.2.).

At 31 December 2024, the Group held:

- 118,227,307 Sanofi shares for an amount of €11,082.6 million (note 9.3.). The initial share price for Sanofi shares was €34.12;
- 23,789,764 Galderma shares for an amount of €2,550.0 million (note 9.3). The initial share price for Galderma shares was €75.6.

The shares are valued based on their fair value, and unrealised losses and gains are accounted for through equity in the Other comprehensive income item.

At 31 December 2023, the Group held 118,227,307 Sanofi shares for an amount of €10,612.1 million (note 9.3.).

At 31 December 2022, the Group held 118,227,307 Sanofi shares for an amount of €10,621.5 million (note 9.3.).

10.8 Fair value hierarchy

IFRS 7 requires financial assets and liabilities recognised at fair value in the balance sheet to be classified according to three levels:

- level 1: quoted prices on an active market;
- level 2: valuation techniques using observable inputs;
- level 3: valuation techniques using unobservable inputs, such as investment fund valuation reports.

The table below provides an analysis of financial instruments recorded at fair value on the balance sheet by level of the fair value hierarchy.

€ millions

31 December 2024	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		150.1		150.1
Sanofi shares	11,082.6			11,082.6
Galderma shares	2,550.0			2,550.0
Other securities	23.2		554.6	577.8
Marketable securities	1,829.3			1,829.3
TOTAL ASSETS AT FAIR VALUE	**15,485.1**	**150.1**	**554.6**	**16,189.8**
Liabilities at fair value				
Foreign exchange derivatives		232.2		232.2
TOTAL LIABILITIES AT FAIR VALUE	**—**	**232.2**	**—**	**232.2**

€ millions

31 December 2023	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		177.7		177.7
Sanofi shares	10,612.1			10,612.1
Other securities	60.8		457.3	518.1
Marketable securities	624.1			624.1
TOTAL ASSETS AT FAIR VALUE	**11,297.0**	**177.7**	**457.3**	**11,932.0**
Liabilities at fair value				
Foreign exchange derivatives		127.1		127.1
TOTAL LIABILITIES AT FAIR VALUE	**—**	**127.1**	**—**	**127.1**

€ millions

31 December 2022	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		260.9		260.9
Sanofi shares	10,621.5			10,621.5
Other securities	99.7	—	391.6	491.3
Marketable securities	718.5			718.5
TOTAL ASSETS AT FAIR VALUE	**11,439.7**	**260.9**	**391.6**	**12,092.2**
Liabilities at fair value				
Foreign exchange derivatives		170.6		170.6
TOTAL LIABILITIES AT FAIR VALUE	**—**	**170.6**	**—**	**170.6**

10.9 Offsetting financial assets and financial liabilities

Financial assets and liabilities resulting from foreign exchange and/or interest rate hedging transactions entered into with the Group's counterparty banks are not offset in the balance sheet since they are FBF (French Banking Federation) or ISDA (International Swaps and Derivatives Association) agreements that only provide for offsetting in the event of default by one of the parties to the agreement. Accordingly, they do not meet the offsetting criteria set out in IAS 32.

Had the agreements been offset at the level of each counterparty bank, assets and liabilities would have decreased by €137.8 million, €105.5 million and €156.7 million respectively in 2024, 2023 and 2022.

10.10 Sanofi dividends

In 2022, the L'Oréal Groupe received 5,140,317 Euroapi shares amounting to €74.5 million, which was recognised as financial income. Sanofi decided to list the company Euroapi on the stock exchange on 6 May 2022, of which it was a 100% shareholder, and to distribute 58% of its Euroapi shares to its shareholders.

These shares were awarded in addition to the dividend granted in kind by Sanofi as part of the annual dividend paid to its shareholders, representing for the L'Oréal Groupe an amount of €393.7 million in 2022.

Note 11 Equity – Earnings per share

11.1 Share capital and additional paid in capital

Share capital consisted of 534,312,021 shares with a par value of €0.20 at 31 December 2024 following the issue of 230,423 shares for the employee shareholding plan and 664,680 free shares and the cancellation of 1,308,557 shares.

Share capital consisted of 534,725,475 shares with a par value of €0.20 at 31 December 2023 following the issue of 34,020 shares for the employee shareholding plan and 776,525 free shares and the cancellation of 1,271,632 shares.

Share capital consisted of 535,186,562 shares with a par value of €0.20 at 31 December 2022, following the issue of 448,267 shares for the employee shareholding plan and 868,806 free shares and the cancellation of 23,802,871 free shares.

11.2 Treasury shares

Accounting principles

Treasury shares are recorded at acquisition cost and deducted from equity. Capital gains/losses on disposal of these items net of tax are charged directly to equity and do not contribute to profit for the financial year.

a) 2024

The change in the number of shares in 2024 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2024	**534,725,475**	**—**	**534,725,475**
Shares cancelled	(1,308,557)	1,308,557	—
Options and free shares exercised	895,103	—	895,103
Treasury shares purchased	—	(1,308,557)	(1,308,557)
AT 31.12.2024	**534,312,021**	**—**	**534,312,021**

The change in treasury shares in 2024 was as follows:

In shares	Buyback programme	Allocated to free-share plans	Total	€ millions
At 01.01.2024	**—**	**—**	**—**	**—**
Shares cancelled	(1,308,557)	—	(1,308,557)	(497.5)
Options and free shares exercised	—	—	—	—
Treasury shares purchased	1,308,557	—	1,308,557	497.5
AT 31.12.2024	**—**	**—**	**—**	**—**

b) 2023

The change in the number of shares in 2023 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2023	**535,186,562**	**—**	**535,186,562**
Shares cancelled	(1,271,632)	1,271,632	—
Options and free shares exercised	810,545	—	810,545
Treasury shares purchased	—	(1,271,632)	(1,271,632)
AT 31.12.2023	**534,725,475**	**—**	**534,725,475**

The change in treasury shares in 2023 was as follows:

In shares	Buyback programme	Allocated to free-share plans	Total	€ millions
At 01.01.2023	**—**	**—**	**—**	**—**
Shares cancelled	(1,271,632)	—	(1,271,632)	(503.3)
Options and free shares exercised	—	—	—	—
Treasury shares purchased	1,271,632	—	1,271,632	503.3
AT 31.12.2023	**—**	**—**	**—**	**—**

c) 2022

The change in the number of shares in 2022 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2022	**557,672,360**	**(22,260,000)**	**535,412,360**
Shares cancelled	(23,802,871)	23,802,871	—
Options and free shares exercised	1,317,073	—	1,317,073
Treasury shares purchased	—	(1,542,871)	(1,542,871)
AT 31.12.2022	**535,186,562**	**—**	**535,186,562**

The change in treasury shares in 2022 was as follows:

In shares	Buyback programme	Allocated to free-share plans	Total	€ millions
At 01.01.2022	**22,260,000**	**—**	**22,260,000**	**8,940.0**
Shares cancelled	(23,802,871)	—	(23,802,871)	(9,442.3)
Options and free shares exercised	—	—	—	—
Treasury shares purchased	1,542,871	—	1,542,871	502.3
AT 31.12.2022	**(260,0000)**	**—**	**(260,0000)**	**—**

11.3 Other comprehensive income

The following tables indicate movements in this item:

€ millions	31.12.2024	31.12.2023	31.12.2022
Securities at fair value through other comprehensive income			
Reserve at beginning of period	6,561.2	6,637.5	6,485.4
Changes in fair value over period	1,144.9	(76.3)	152.1
RESERVE AT END OF PERIOD	**7,706.1**	**6,561.2**	**6,637.5**

€ millions	31.12.2024	31.12.2023	31.12.2022
Cash flow hedges – foreign exchange			
Reserve at beginning of period	128.5	257.3	(29.8)
Changes in fair value over period	1.9	(184.6)	686.3
Changes in fair value recorded through other comprehensive income	(97.5)	55.8	(399.2)
Deconsolidation and other	(0.4)	(0.1)	—
RESERVE AT END OF PERIOD	**32.5**	**128.5**	**257.3**

The table below shows the impact of an increase or decrease of over 10% in the euro and US dollar against other currencies on the foreign exchange cash flow hedging reserve and the market value of the hedging instruments:

€ millions	31.12.2024	31.12.2023	31.12.2022
Impact of a 10% increase in the EUR against all other Group currencies	551.8	471.5	444.9
Impact of a 10% decrease in the EUR against all other Group currencies	(520.2)	(457.2)	(432.8)
Impact of a 10% increase in the USD against key Group currencies	(94.9)	(143.7)	(196.5)
Impact of a 10% decrease in the USD against key Group currencies	126.0	157.9	206.4

€ millions	31.12.2024	31.12.2023	31.12.2022
Cash flow hedges – interest rates			
Reserve at beginning of period	(7.1)	1.4	—
Changes in fair value over period	18.9	(8.5)	—
Changes in fair value recorded through other comprehensive income	—	—	1.4
RESERVE AT END OF PERIOD	**11.8**	**-7.1**	**1.4**

€ millions	31.12.2024	31.12.2023	31.12.2022
Actuarial gains/(losses) and impact of asset ceiling			
Reserve at beginning of period	(422.2)	(302.8)	(698.3)
Actuarial gains/(losses) over the period	153.2	(116.7)	404.9
Impact of asset ceiling	0.2	(2.5)	(9.4)
Deconsolidation and other	0.8	(0.2)	—
RESERVE AT END OF PERIOD	**(268.0)**	**(422.2)**	**(302.8)**

€ millions	31.12.2024	31.12.2023	31.12.2022
Other comprehensive income			
Gross reserve	7,482.4	6,260.5	6,592.4
Associated tax effect	(205.1)	(136.8)	(188.1)
RESERVE NET OF TAX	**7,277.4**	**6,123.7**	**6,404.4**

11.4 Net profit excluding non-recurring items – Earnings per share

Accounting principles

Earnings per share are calculated in accordance with the rules set out in IAS 33.

Basic earnings per share are obtained on the basis of the weighted average number of shares outstanding during the year, less the average number of treasury shares held deducted from equity.

Where applicable, diluted earnings per share take into account dilutive stock options and free shares in accordance with the "treasury share method", under which sums collected on exercise or purchase are assumed to be allocated firstly to share buybacks at market price.

11.4.1 Reconciliation with net profit

Net profit excluding non-recurring items reconciles as follows with net profit attributable to owners of the Company:

€ millions	2024	2023	2022
Net profit attributable to owners of the Company	**6,408.7**	**6,184.0**	**5,706.6**
Capital gains and losses on property, plant and equipment and intangible assets	15.2	6.7	7.4
Impairment of property, plant and equipment and intangible assets	50.8	270.6	39.0
Restructuring costs	237.1	88.5	172.6
Other	134.6	84.1	22.5
Tax effect on non-recurring items	(91.6)	(100.7)	(52.6)
Non-controlling interests on non-recurring items	0.1	(0.2)	—
Tax effect on acquisitions and internal restructuring	31.4	(46.5)	158.5
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY EXCLUDING NON-RECURRING ITEMS	**6,786.3**	**6,486.6**	**6,054.1**

11.4.2 Earnings per share attributable to owners of the Company

The tables below set out earnings per share attributable to owners of the Company:

2024	Net profit – attributable to owners of the Company (€ millions)	Number of shares	Earnings per share attributable to owners of the company (€)
Earnings per share	6,408.7	534,482,831	11.99
Free shares		1,595,600	
DILUTED EARNINGS PER SHARE	**6,408.7**	**536,078,431**	**11.95**

2023	Net profit – attributable to owners of the company (€ millions)	Number of shares	Earnings per share attributable to owners of the company (€)
Earnings per share	6,184.0	535,428,641	11.55
Free shares		1,592,398	
DILUTED EARNINGS PER SHARE	**6,184.0**	**537,021,039**	**11.52**

2022	Net profit – attributable to owners of the company (€ millions)	Number of shares	Earnings per share attributable to owners of the company (€)
Earnings per share	5,706.6	535,898,659	10.65
Free shares		1,758,889	
DILUTED EARNINGS PER SHARE	**5,706.6**	**537,657,548**	**10.61**

11.4.3 Earnings per share excluding non-recurring items

The tables below set out in detail earnings per share excluding non-recurring items:

2024	Net profit attributable to owners of the company excluding non-recurring items (€ millions)	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items (€)
Earnings per share excluding non-recurring items	6,786.3	534,482,831	12.70
Free shares		1,595,600	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**6,786.3**	**536,078,431**	**12.66**

2023	Net profit attributable to owners of the company excluding non-recurring items (€ millions)	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items (€)
Earnings per share excluding non-recurring items	6,486.6	535,428,641	12.11
Free shares		1,592,398	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**6,486.6**	**537,021,039**	**12.08**

2022	Net profit attributable to owners of the company excluding non-recurring items (€ millions)	Number of shares	Earnings per share attributable to owners of the company excluding non-recurring items (€)
Earnings per share excluding non-recurring items	6,054.1	535,898,659	11.30
Free shares		1,758,889	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**6,054.1**	**537,657,548**	**11.26**

11.4.4 Calculation of the number of shares

All potential ordinary shares are included in the calculation of earnings per share since all stock option plans have a dilutive impact on the periods presented.

At 31 December 2024, 314,940,343 shares had been held in registered form for two years making them eligible for the 10% preferential dividend.

Note 12 Provisions for liabilities and charges – Contingent liabilities and material ongoing disputes

12.1 Provisions for liabilities and charges

Accounting principles

Provisions for liabilities and charges are set up to cover probable outflows for the benefit of third parties without any equivalent consideration being received by the Group in return. They mainly relate to disputes, restructuring costs, industrial, environmental and commercial risks relating to operations such as breach of contract, product returns, and employee-related risks.

These provisions are estimated on the basis of the most likely assumptions or by using statistical methods, depending on the nature of the risks.

Provisions for liabilities and charges are recorded either as *Non-current liabilities* or as *Current liabilities*, depending on their type. Provisions for liabilities or disputes which must be settled within 12 months of the closing date, and those linked to the normal operating cycle (such as product returns) are recorded as *Current liabilities*. Other provisions for liabilities and charges are recorded as *Non-current liabilities.*

12.1.1 Closing balances

€ millions	31.12.2024	31.12.2023	31.12.2022
Provisions for liabilities and charges	**76.8**	**68.8**	**67.7**
Non-current provisions(1)	76.8	68.8	67.7
Current provisions for liabilities and charges	**1,093.0**	**977.2**	**1,205.6**
Provisions for restructuring	219.3	100.3	146.1
Provisions for product returns	305.0	338.2	395.3
Other current provisions(1)	568.7	538.7	664.2
TOTAL	**1,169.8**	**1,046.0**	**1,273.3**

(1) *This item notably includes provisions for tax risks and litigation excluding corporate income tax, industrial, environmental and commercial risks relating to operations (breach of contract), personnel costs and product disputes, as well as risks relating to investigations carried out by competition authorities (note 12.2.2.a and b).*

12.1.2 Changes in provisions for liabilities and charges during the period

The change in this caption in 2024 can be analysed as follows:

€ millions	31.12.2022	31.12.2023	Charges[2]	Reversals (used)[2]	Reversals (not used)[2]	Other[1]	31.12.2024
Provisions for restructuring	146.1	100.3	198.3	(71.4)	(11.2)	3.3	219.3
Provisions for product returns	395.3	338.2	282.2	(271.1)	(51.8)	7.5	305.0
Other provisions for liabilities and charges	732.0	607.5	354.2	(227.0)	(75.3)	(13.9)	645.4
TOTAL	**1,273.3**	**1,046.0**	**834.7**	**(569.5)**	**(138.3)**	**(3.1)**	**1,169.7**

(1) *Mainly resulting from translation differences.*
(2) *These figures can be analysed as follows:*

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	541.3	(469.3)	(121.4)
Other income and expenses	293.3	(100.2)	(16.9)
Net financial income	—	—	—

The change in this caption in 2023 can be analysed as follows:

€ millions	31.12.2021	31.12.2022	Charges[2]	Reversals (used)[2]	Reversals (not used)[2]	Other[1]	31.12.2023
Provisions for restructuring	182.5	146.1	52.0	(74.7)	(22.4)	(0.7)	100.3
Provisions for product returns	405.9	395.3	384.8	(367.6)	(77.7)	3.4	338.2
Other provisions for liabilities and charges	698.7	732.0	322.9	(371.4)	(82.8)	6.9	607.5
TOTAL	**1,287.1**	**1,273.3**	**759.7**	**(813.7)**	**(183.0)**	**9.6**	**1,046.0**

(1) *Mainly resulting from translation differences.*
(2) *These figures can be analysed as follows:*

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	707.7	(547.6)	(156.4)
Other income and expenses	52.0	(266.1)	(26.6)
Net financial income	—	—	—

The change in this caption in 2022 can be analysed as follows:

€ millions	31.12.2020	31.12.2021	Charges[2]	Reversals (used)[2]	Reversals (not used)[2]	Other[1]	31.12.2022
Provisions for restructuring	235.1	182.5	81.0	(92.9)	(32.3)	7.8	146.1
Provisions for product returns	352.4	405.9	468.5	(408.8)	(81.5)	11.1	395.3
Other provisions for liabilities and charges	694.1	698.7	233.7	(125.9)	(86.1)	11.6	732.0
TOTAL	**1,281.6**	**1,287.1**	**783.2**	**(627.6)**	**(199.8)**	**30.5**	**1,273.3**

(1) *Mainly resulting from translation differences*
(2) *These figures can be analysed as follows:*

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	681.1	(506.6)	(171.0)
Other income and expenses	102.1	(121.0)	(28.8)
Net financial income	—	—	—

12.2 Contingent liabilities and material ongoing disputes

L'Oréal is party to several material disputes, described below.

Some of these disputes give rise to the creation of provisions according to the principles described in note 12.1. Other disputes are considered as contingent liabilities, either because no reliable estimate of the amounts likely to be charged to the Group can be provided based on the information available, or because the Group's management has determined, in particular in light of the opinions of advisors and experts assisting it in these disputes, that the probability that the dispute will give rise to a payment by the Group is low.

12.2.1 Tax disputes

Brazil – IPI indirect tax base challenged

In January 2015, decree 8.393/2015 stated that commercial companies in Brazil would be liable for the indirect IPI tax on certain products as from 1 May 2015. L'Oréal is challenging the legal grounds of this decree and its application. In light of changes in market practices and a favourable change in the opinion of its advisors, since 1 January 2018 L'Oréal has recognised the IPI collected under income.

L'Oréal received tax reassessment notices regarding the indirect IPI tax for financial years 2008 and 2011 to 2015 totalling €631 million, including interest and penalties. The Brazilian tax authorities are questioning the ex-works sales price to the commercial arm used to calculate the IPI tax base. After consulting with its tax advisors, L'Oréal considers that the Brazilian tax authorities' position is unfounded and has challenged these notices. L'Oréal continues its legal proceedings with the tax and legal authorities.

In light of the negative developments in administrative court decisions on the same matter for other Brazilian groups, L'Oréal funded a provision for €41.7 million to partially cover this risk.

India – Advertising, marketing and promotional costs challenged

L'Oréal received several tax reassessment notices regarding financial years 2007/08 to 2017/18 and 2019/20 to 2020/21 for the most part concerning the tax deductibility of advertising, marketing and promotional expenses for a total amount of €234 million including interest and penalties. After consulting with its tax advisors, L'Oréal decided to contest these notices and continues the legal proceedings with the administrative and legal authorities.

Mutual agreement procedures

Mutual agreement procedures were instigated *vis-à-vis* the French, Indonesian and Singaporean tax authorities in order to eliminate double taxation following disagreements between these authorities.

12.2.2 Investigations carried out by the competition authorities

The national competition authorities in several European countries have launched investigations targeting the cosmetics industry in particular.

a) Europe (excluding France)

In Germany, after the German competition authority filed a lawsuit in 2008 in the area of personal care products, which was definitively closed in 2015, distributors filed a lawsuit seeking damages against L'Oréal Germany which has resulted in dismissals by the courts at this stage. These proceedings are still ongoing. L'Oréal Germany is contesting the merits of these claims and denies that any damages occurred.

b) France

In France, on 18 December 2014, the French competition authority handed down a fine of €189.5 million against L'Oréal in the hygiene products sector for events that took place in the early 2000s. On 27 October 2016, the Paris Court of Appeal upheld this first instance decision. L'Oréal refutes all accusations of concerted practices with its competitors and regrets that the French competition authority did not take into account the highly competitive French market in household and hygiene products as illustrated by the number of manufacturers and retailers present on the market, the large choice of products available to consumers, and the high degree of innovation and number of product launches.

Following an appeal lodged by L'Oréal, on 27 March 2019, the Court of Cassation partially overturned the ruling relating to the amount of the fine imposed on L'Oréal. On 18 June 2020, the Second Court of Appeal confirmed the initial amount of the fine. L'Oréal lodged a second appeal with the Court of Cassation against this ruling that was rejected on 18 October 2023.

This final ruling has no impact on the Group's income statement and no cash flow impact, as the fine was paid in 2015.

Following this ruling, the distributors filed lawsuits for damages against L'Oréal. These proceedings are in initial stages or resulted in dismissals by the courts. These proceedings are still ongoing. L'Oréal contests the merits of these claims and denies that any damages occurred.

12.2.3 Disputes over product liability in North America

a) Disputes over products that may contain talc in the United States

The Group's US subsidiaries are currently being sued in the United States in product liability cases related to the alleged presence of asbestos particles in certain cosmetic products containing talc. To date, none of the cases involving the Group's subsidiaries have gone to trial. Some complaints have also been dismissed. As of 31 December 2024, approximately 400 proceedings are pending. L'Oréal strongly contests the claims made in these actions.

b) Disputes over hair relaxers in North America

Group entities are currently being sued in product liability cases related to the alleged presence of ingredients in hair relaxers that have caused various health problems. As of 31 December 2024, the Group's U.S. companies were sued in approximately 8,550 federal proceedings consolidated into a multi-district ("MDL") proceeding pending before the U.S. District Court for the Northern District of Illinois, and in approximately 750 individual actions (sometimes consolidated) before various state courts. The discovery phase is ongoing. Other actions are also pending in connection with the same products, including a class action, for financial damages. The Group strongly contests the claims brought in these actions.

At the present time, no other exceptional events or disputes are highly likely to have a material impact on the earnings, financial situation, assets, or operations of the Company or the L'Oréal Groupe.

Note 13 Sustainable development and the climate

13.1 Measurement of assets and liabilities

a) Environmental risks

The Group strictly complies with regulations and laws relating to environmental protection, and does not expect current regulations to have any significant impact on the Group's operations, financial position, earnings or assets.

b) Measurement of assets

For many years, L'Oréal has shown a strong commitment to environmental, social and societal responsibility. L'Oréal placed sustainability at the heart of its strategy, notably the launch in 2013 of the *Sharing Beauty With All* programme with 2020 targets focused on sustainable production, sustainable innovation, sustainable consumption and shared growth.

In June 2020, L'Oréal initiated the second phase of its commitments to sustainable development, under the umbrella of the L'Oréal for the Future programme, with a new set of particularly ambitious and concrete targets for 2030, in order to cover all the impacts associated with its value chain: its production and distribution sites as well as its supply chains and the impacts associated with the use of products by consumers. The sustainable development objectives are detailed in the sustainability report.

These commitments made by the Group do not call into question the value of the assets or the useful lives of non-financial assets, in particular:

- the ongoing efforts to adapt products to consumer demand as part of the L'Oréal for the Future program are integrated in the short term into the strategic plans of the Group's Divisions included in the impairment tests for intangible assets with an indefinite useful life and have no impact on the carrying amount of the assets;
- the adaptation of factories and product formulations does not lead to the identification of a risk of obsolescence of production lines at this date and does not call into question the depreciation period of the assets.

Furthermore, as mentioned in note 7.3, the scenarios considered in order to determine the potential impacts of climate change on the Group's assets and in particular on the assets of the Group's Cash Generating Units, did not highlight any significant impact likely to generate a risk of depreciation of these assets.

13.2 Financing, investments and remuneration

The Group's L'Oréal for the Future programme rests on its financing, short- and long-term investment and remuneration strategies.

a) Financing

The credit lines indexed to the Group's sustainable development performance incorporate a borrowing cost adjustment mechanism.

The L'Oréal Groupe has a syndicated loan from 20 banks (€5 billion), which had not been used at the end of December 2024. This loan incorporates a mechanism whereby the margin is adjusted in line with the Group's performance with regard to four ESG KPIs: climate, biodiversity, resources and social commitment.

The Group issued in 2022 a €3 billion bond, one tranche of which in an amount of €1,250 million is sustainability-linked (note 9.1).

b) Short-term investment

The Group's available cash is mainly invested in SRI SICAV money-market funds (47% of all short-term investment in 2024) and term accounts (38% of all short-term investment in 2024 of which 90% in CSR STI) and in paid accounts (14% of investments in 2024).

c) Long-term investment

The Group recorded a total of €246 million in non-current financial assets related to sustainable development activities, measured at fair value through equity (note 9.3).

- In 2024, joint creation with Chenavari of a Solstice fund of €50 million (including €11 million in 2024) to support the decarbonization effort of industrial suppliers and in particular within the framework of the Group's commitments in terms of scope 3 emissions
- At the end of 2021, investment in Circular Innovation Fund amounting to €50 million. L'Oréal is one of the main contributors to this fund, that aims at financing innovative companies in the field of recycling, plastic waste management or even materials from the bioeconomy.
- In 2020, the creation of a fund for Nature Regeneration to financially support projects to restore natural marine, forest and agricultural ecosystems for €75 million, of which €50 million intended to support the fund's actions.
- Investment in start-ups for a total amount of €72 million, including:
  - the French biotech company Global Bioenergies, which developed a process to convert plant-based resources,
  - the green chemistry start-up Carbios, which developed enzymatic processes for plastic biodegradation and biorecycling,
  - the French biotech Microphyt which developped a process with a low carbon impact to produce microalgae,
  - the American biotech Future Origins, created as a joint venture by Geno, aims to create sustainable alternatives to key ingredients,
  - the American biotech company Debut, which specializes in the discovery, formulation and manufacturing of innovative natural and complex ingredients and products, usable in a multitude of more efficient and more sustainable beauty products,
  - and in particular in 2024, in the Chinese biotech ShineHigh (specializing in cutting-edge supra-molecular chemistry) and in Abolis, a French biotech, offering an integrated and versatile synthetic biology platform.

Note that the Swiss environmental technology start-up Gjosa – which has developed innovative water-saving solutions and of which BOLD held 15% – was 100% acquired by L'Oréal in 2024.

d) Remuneration

The variable portion of the Chief Executive Officer's current remuneration incorporates quantitative and qualitative nonfinancial objectives, including objectives associated with the L'Oréal for the Future programme. Since 2016, non-financial objectives in line with the Group's goals for sustainability have been included in the variable remuneration of the top management, including international brand managers and country managers.

For the conditional grant of free shares, plans since 2022 stipulate the fulfilment of non-financial performance criteria, of which:

- the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme;
- gender balance within strategic positions including the Executive Committee.

Note 14 Off-balance sheet commitments

14.1 Lease commitments

These amounted to €94.5 million at 31 December 2024 compared with €91.0 million at 31 December 2023 and €122.7 million at 31 December 2022, of which:

- €39.1 million was due within one year at 31 December 2024, compared with €39.4 million at 31 December 2023 and €46.7 million at 31 December 2022;
- €48.4 million was due within 1 to 5 years at 31 December 2024, compared with €47 million at 31 December 2023 and €61.3 million at 31 December 2022;
- €7.0 million was due in over five years at 31 December 2024, compared with €4.6 million at 31 December 2023 and €14.8 million at 31 December 2022.

14.2 Other off-balance sheet commitments

Confirmed credit lines are discussed in note 9.1.11.

Other significant off-balance sheet commitments have been identified and measured. They chiefly fall due within one year and are as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Guarantees given(1)	314.9	279.0	308.9
Guarantees received	123.0	126.5	110.4
Capital expenditure orders(2)	528.1	581.7	508.0
Firm purchase commitments under logistics supply and service contracts(3)	2,033.9	2,237.7	1,852.1

(1) *These consist mainly of guarantees given to governmental bodies or concerning loans granted to third parties who are partners of the Group, and the net commitment toward the L'Oréal Foundation for its long-term action programme.*
(2) *Despite their strategic nature, none of these investments taken individually is material enough at Group level to warrant more detailed disclosure.*
(3) *Including irrevocable commitments for energy purchase contracts, particularly on green energies such as purchase power agreements recognized as own use.*

Note 15 Transactions with related parties

15.1 Transactions with associated companies (Related parties)

Equity-accounted companies include joint ventures only.

The consolidated financial statements include transactions carried out between the Group and its equity-accounted companies, considered to be related parties. The main transactions with these related parties and the associated outstanding balances are as follows:

€ millions	2024	2023	2022
Sales of goods and services	—	—	—
Financial expenses and income	—	—	—

The following receivables and payables were recorded on the balance sheet for the related parties:

€ millions	31.12.2024	31.12.2023	31.12.2022
Operating receivables	—	—	—
Operating payables	—	—	—
Financial receivables	0.1	0.1	0.1

15.2 Related parties with a significant influence on the Group

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

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

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

Note 16 Fees accruing to auditors and members of their networks payable by the Group

FEES FOR THE 2024 FINANCIAL YEAR

	Ernst & Young Audit				Deloitte & Associés			
€ millions excl. VAT **2024**	Auditor Ernst & Young Audit	Network	Total	As a %	Auditor Deloitte & Associés	Network	Total	As a %
Review of interim, company and consolidated financial statements								
L'Oréal	1.8	n/a	1.8		1.8	n/a	1.8	
Fully consolidated subsidiaries	1.1	5.8	6.9		1.1	6.1	7.2	
Subtotal	**2.9**	**5.8**	**8.7**	**64%**	**2.9**	**6.1**	**9.0**	**81%**
Non-audit services[1]								
L'Oréal	0.2	3.1	3.3		0.1	0.4	0.5	
Fully consolidated subsidiaries	—	0.9	0.9		—	0.9	0.9	
Subtotal	**0.2**	**4.0**	**4.2**	**31%**	**0.1**	**1.3**	**1.4**	**13%**
Sustainability certification								
L'Oréal	0.6	—	0.6		0.6	—	0.6	
Subtotal	**0.6**	**—**	**0.6**	**4%**	**0.6**	**—**	**0.6**	**5%**
TOTAL	**3.8**	**9.8**	**13.6**	**100%**	**3.7**	**7.4**	**11.1**	**100%**

(1) *Mainly concerning acquisition audits and IT services.*

FEES FOR THE 2023 FINANCIAL YEAR

€ millions excl. VAT 2023	Ernst & Young Audit				Deloitte & Associés			
	Auditor Ernst & Young Audit	Network	Total	As a %	Auditor Deloitte & Associés	Network	Total	As a %
Review of interim, company and consolidated financial statements								
L'Oréal	1.7	n/a	1.7		1.8	n/a	1.8	
Fully consolidated subsidiaries	0.9	4.8	5.7		0.9	5.6	6.5	
Subtotal	**2.6**	**4.8**	**7.4**	**67%**	**2.7**	**5.6**	**8.3**	**78%**
Non-audit services(1)								
L'Oréal	0.5	2.6	3.1		0.7	0.6	1.3	
Fully consolidated subsidiaries	—	0.5	0.5		—	1.1	1.1	
Subtotal	**0.5**	**3.1**	**3.6**	**33%**	**0.7**	**1.7**	**2.4**	**22%**
TOTAL	**3.1**	**7.9**	**11.0**	**100%**	**3.4**	**7.3**	**10.7**	**100%**

(1) Mainly concerning acquisition audits.

Note 17 Subsequent events

Signing of an agreement for the acquisition of Gowoonsesang Cosmetics Co (Dr. G)

L'Oréal Groupe announced on 23 December 2024 the signing of an agreement with Swiss retail group Migros for the acquisition of its subsidiary **Gowoonsesang Cosmetics Co.**, Ltd., including Dr.G, the Korean skincare brand founded by dermatologist Dr. Gun Young Ahn in 2003 and based in Seoul. Dr.G will join L'Oréal Groupe's Consumer Products Division (CPD) to address the growing success of K-Beauty worldwide and expand its offering with effective, science-based, yet accessible skincare. The acquisition is subject to customary conditions precedent and is expected to close in the coming months.

Signing of an agreement for the sale of 2.3% of Sanofi shares

L'Oréal Groupe announced on 3 February 2025 the signing of an agreement for the sale of approximately 29.6 million **Sanofi** shares to Sanofi at a price of €101.5 per share, for a total consideration of €3 billion. Following the transaction and after cancellation of the repurchased shares, L'Oréal will hold 7.2% of Sanofi's share capital and 13.1% of the voting rights[1].

The transaction, which will be carried out through an off-market block trade, is not subject to any condition precedent and should be finalized in the coming days.

(1) Based on a total number of shares of 1,263,122,721 and a total actual number of voting rights of 1,413,130,110 as of 31 December 2024, as published by Sanofi, it being specified that the percentage of theoretical voting rights held by L'Oréal after cancellation will be 13.0% based on the total number of 1,422,661,191 theoretical voting rights as of 31 December 2024, as published by Sanofi, in each case, restated for the number of shares repurchased and cancelled following or as a result of this transaction. Before cancellation of the repurchased shares, L'Oréal's stake in Sanofi will amount to 7.0% of the share capital and 12.7% of the total number of theoretical voting rights.

5.7 Consolidated Companies at 31 December 2024

5.7.1 Fully consolidated companies

Company	Head office	% interest
2. L'ORÉAL VERWALTUNGS GmbH	Germany	100.00%
AĒSOP (THAILAND) LIMITED	Thailand	100.00%
AĒSOP AUSTRALIA PTY LTD	Australia	100.00%
AĒSOP AUSTRIA GmbH	Austria	100.00%
AĒSOP BELGIUM BVBA	Belgium	100.00%
AĒSOP BRASIL COMERCIO DE COSMETICOS LTDA	Brazil	100.00%
AĒSOP CANADA, INC.	Canada	100.00%
AĒSOP COSMETICS AUSTRALIA PTY LTD	Australia	100.00%
AĒSOP COSMETICS SPAIN, S.L.	Spain	100.00%
AĒSOP DENMARK ApS	Denmark	100.00%
AĒSOP FRANCE	France	100.00%
AĒSOP GERMANY GmbH	Germany	100.00%
AĒSOP HONG KONG LIMITED	Hong Kong SAR	100.00%
AĒSOP ITALY S.R.L.	Italy	100.00%
AĒSOP JAPAN	Japan	100.00%
AĒSOP KOREA YUHAN HOESA	Korea	100.00%
AĒSOP MACAU LIMITED	Macau	100.00%
AĒSOP MALAYSIA SDN BHD	Malaysia	100.00%
AĒSOP NETHERLANDS B.V.	The Netherlands	100.00%
AĒSOP NEW ZEALAND LIMITED	New Zealand	100.00%
AĒSOP NORWAY AS	Norway	100.00%
AĒSOP RETAIL PTY LTD	Australia	100.00%
AĒSOP SINGAPORE PTE LTD	Singapore	100.00%
AĒSOP SWEDEN AB	Sweden	100.00%
AĒSOP SWITZERLAND AG	Switzerland	100.00%
AĒSOP UK LIMITED	United Kingdom	100.00%
AĒSOP USA, INC.	United States	100.00%
AZZARO MUGLER BEAUTÉ FRANCE	France	100.00%
BEAUTÉ, RECHERCHE & INDUSTRIES	France	100.00%
BEAUTY PARK HONG KONG LIMITED	Hong Kong SAR	100.00%
BEAUTY TECH LAB LTD	United Kingdom	100.00%
BEAUTYCOS INTERNATIONAL COMPANY LIMITED	China	100.00%
BEAUTYLUX INTERNATIONAL COSMETICS (SHANGHAI) CO LTD	China	100.00%
BIOTHERM	Monaco	99.80%
BOLD Business Opportunities for L'Oréal Development	France	100.00%
CENTRE THERMAL DE LA ROCHE-POSAY	France	100.00%
COBELSA COSMETICOS, S.A.	Spain	100.00%
COMPTOIR LAINIER AFRICAIN	Morocco	100.00%
COSBEL S.A. de C.V.	Mexico	100.00%
COSMELOR LTD	Japan	100.00%
COSMEPHIL HOLDINGS CORPORATION PHILIPPINES	The Philippines	100.00%
COSMÉTIQUE ACTIVE INTERNATIONAL	France	100.00%
COSMÉTIQUE ACTIVE PRODUCTION	France	100.00%
EGYPTELOR LLC	Egypt	100.00%

Company	Head office	% interest
ELEBELLE (PROPRIETARY) LIMITED	South Africa	100.00%
EMEIS COSMETICS PTY LTD	Australia	100.00%
EMEIS HOLDINGS PTY LTD	Australia	100.00%
EMEIS TRADING PTY LTD	Australia	100.00%
EPISKIN	France	99.92%
EPISKIN BRASIL BIOTECNOLOGIA EIRELI	Brazil	99.92%
ERWITON S.A.	Uruguay	100.00%
FAPAGAU & CIE	France	100.00%
FAPROREAL	France	100.00%
FINVAL	France	100.00%
FITNE GESUNDHEIT UND WELLNESS GmbH	Germany	100.00%
FRABEL S.A. de C.V.	Mexico	100.00%
GEMEY PARIS – MAYBELLINE NEW YORK	France	100.00%
GJOSA SA	Switzerland	100.00%
GUANGZHOU L'ORÉAL BUYCOOR INTERNET SCIENCE & TECHNOLOGY CO., LTD	China	100.00%
HELENA RUBINSTEIN ITALIA S.p.A.	Italy	100.00%
HOLDIAL	France	100.00%
INTERBEAUTY PRODUCTS LIMITED	Kenya	100.00%
JSC L'ORÉAL	Russia	100.00%
KOSMEPOL Sp. z.o.o.	Poland	100.00%
L & J RE	France	100.00%
L'ORÉAL (CHINA) CO. LTD	China	100.00%
L'ORÉAL (THAILAND) LIMITED	Thailand	100.00%
L'ORÉAL (UK) LIMITED	United Kingdom	100.00%
L'ORÉAL ADRIA d.o.o.	Croatia	100.00%
L'ORÉAL AMERICA LATINA S.A. DE C.V.	Mexico	100.00%
L'ORÉAL ARGENTINA Sociedad Anonima	Argentina	100.00%
L'ORÉAL AUSTRALIA PTY LTD	Australia	100.00%
L'ORÉAL BALKAN d.o.o.	Serbia	100.00%
L'ORÉAL BALTIC SIA	Latvia	100.00%
L'ORÉAL BANGLADESH LIMITED	Bangladesh	100.00%
L'ORÉAL BELGILUX S.A.	Belgium	100.00%
L'ORÉAL BRASIL COMERCIAL DE COSMÉTICOS LTDA	Brazil	100.00%
L'ORÉAL BRASIL PESQUISAS E INOVACAO LTDA	Brazil	100.00%
L'ORÉAL BULGARIA EOOD	Bulgaria	100.00%
L'ORÉAL CANADA, INC.	Canada	100.00%
L'ORÉAL CENTRAL AMERICA S.A.	Panama	100.00%
L'ORÉAL CENTRAL WEST AFRICA LTD	Nigeria	100.00%
L'ORÉAL CESKA REPUBLIKA s.r.o.	Czech Republic	100.00%
L'ORÉAL CHILE S.A.	Chile	100.00%
L'ORÉAL COLOMBIA S.A.S.	Colombia	100.00%
L'ORÉAL COSMETICS INDUSTRY S.A.E.	Egypt	100.00%
L'ORÉAL DANMARK A/S	Denmark	100.00%
L'ORÉAL DEUTSCHLAND GmbH	Germany	100.00%
L'ORÉAL EAST AFRICA LIMITED	Kenya	100.00%
L'ORÉAL EGYPT LLC	Egypt	100.00%
L'ORÉAL ESPANA S.A.U.	Spain	100.00%
L'ORÉAL FINLAND OY	Finland	100.00%
L'ORÉAL FRANCE	France	100.00%

Company	Head office	% interest
L'ORÉAL GUATEMALA S.A.	Guatemala	100.00%
L'ORÉAL HELLAS S.A.	Greece	100.00%
L'ORÉAL HONG KONG LIMITED	Hong Kong SAR	100.00%
L'ORÉAL INDIA PRIVATE LIMITED	India	100.00%
L'ORÉAL INTERNATIONAL DISTRIBUTION	France	100.00%
L'ORÉAL ISRAEL LTD	Israel	92.97%
L'ORÉAL ITALIA S.p.A.	Italy	100.00%
L'ORÉAL KAZAKHSTAN Limited Liability Partnership	Kazakhstan	100.00%
L'ORÉAL KOREA LIMITED	Korea	100.00%
L'ORÉAL LIBAN SAL	Lebanon	100.00%
L'ORÉAL LIBRAMONT	Belgium	100.00%
L'ORÉAL MAGYARORSZAG KOZMETIKAI Kft	Hungary	100.00%
L'ORÉAL MALAYSIA SDN BHD	Malaysia	100.00%
L'ORÉAL MANUFACTURING MIDRAND (PROPRIETARY) LIMITED	South Africa	100.00%
L'ORÉAL MAROC	Morocco	50.00%
L'ORÉAL MEXICO S.A. de C.V.	Mexico	100.00%
L'ORÉAL MIDDLE EAST	United Arab Emirates	100.00%
L'ORÉAL NEDERLAND B.V.	The Netherlands	100.00%
L'ORÉAL NEW ZEALAND LIMITED	New Zealand	100.00%
L'ORÉAL NORGE AS	Norway	100.00%
L'ORÉAL ÖSTERREICH GmbH	Austria	100.00%
L'ORÉAL PAKISTAN PRIVATE LIMITED	Pakistan	100.00%
L'ORÉAL PANAMA S.A.	Panama	100.00%
L'ORÉAL PERU S.A.	Peru	100.00%
L'ORÉAL PHILIPPINES, INC.	The Philippines	100.00%
L'ORÉAL POLSKA Sp. z.o.o.	Poland	100.00%
L'ORÉAL PORTUGAL UNIPESSOAL, LDA	Portugal	100.00%
L'ORÉAL PRODUITS DE LUXE INTERNATIONAL	France	100.00%
L'ORÉAL PRODUKTION DEUTSCHLAND BETEILIGUNGS GmbH	Germany	100.00%
L'ORÉAL PRODUKTION DEUTSCHLAND GmbH & CO KG	Germany	100.00%
L'ORÉAL ROMANIA SRL	Romania	100.00%
L'ORÉAL SAIPO INDUSTRIALE S.p.A.	Italy	100.00%
L'ORÉAL SAUDI ARABIA	Saudi Arabia	90.00%
L'ORÉAL SINGAPORE Pte Ltd	Singapore	100.00%
L'ORÉAL SLP S.A. de C.V.	Mexico	100.00%
L'ORÉAL SOUTH AFRICA HOLDINGS (PROPRIETARY) LIMITED	South Africa	100.00%
L'ORÉAL SUISSE S.A.	Switzerland	100.00%
L'ORÉAL SVERIGE AB	Sweden	100.00%
L'ORÉAL TAIWAN CO., LTD.	Taiwan Region	100.00%
L'ORÉAL TRAVEL RETAIL	France	100.00%
L'ORÉAL TRAVEL RETAIL AMERICAS, INC.	United States	100.00%
L'ORÉAL TÜRKIYE KOZMETIK SANAYI VE TICARET ANONIM SIRKETI	Turkey	100.00%
L'ORÉAL U A E GENERAL TRADING LLC	United Arab Emirates	100.00%
L'ORÉAL UKRAINE	Ukraine	100.00%
L'ORÉAL URUGUAY S.A.	Uruguay	100.00%
L'OREAL USA, INC. (as a sub-group)	United States	100.00%
L'ORÉAL VIETNAM CO. LTD	Vietnam	100.00%
LA ROCHE-POSAY LABORATOIRE DERMATOLOGIQUE	France	99.98%
LABORATORIOS DE COSMETICOS VOGUE S.A.S.	Colombia	100.00%

Company	Head office	% interest
LOA6	France	100.00%
LOA6 USA, INC.	United States	100.00%
LOA15	France	100.00%
LUXURY OF RETAIL	France	100.00%
MAGIC HOLDINGS (as a sub-group)	China	100.00%
MASRELOR LLC	Egypt	100.00%
MATRIX DISTRIBUTION GmbH	Germany	100.00%
MEDI BEAUTY HONG KONG LIMITED	Hong Kong SAR	100.00%
MODIFACE INC.	Canada	100.00%
MUGLER FASHION	France	100.00%
NANTONG L'ORÉAL SUPPLY CHAIN MANAGEMENT CO., LTD	China	100.00%
NIHON L'ORÉAL KABUSHIKI KAISHA	Japan	100.00%
NLO KABUSHIKI KAISHA	Japan	100.00%
NOVEAL	France	100.00%
NYX PROFESSIONAL MAKEUP SPRL/BVBA	Belgium	100.00%
P.T. L'ORÉAL INDONESIA	Indonesia	100.00%
P.T. YASULOR INDONESIA	Indonesia	100.00%
PRESTIGE ET COLLECTIONS INTERNATIONAL	France	100.00%
PROCOSA PRODUCTOS DE BELEZA LTDA	Brazil	100.00%
PRODUCTOS CAPILARES L'ORÉAL S.A.	Spain	100.00%
REAL CAMPUS BY L'ORÉAL	France	100.00%
SALONCENTRIC CANADA LP	Canada	100.00%
SCENTAL LIMITED	Hong Kong SAR	100.00%
SCIENCEMD	France	100.00%
SHANGHAI EPISKIN BIOTECHNOLOGY CO. LTD	China	99.92%
SHANGHAI L'ORÉAL INTERNATIONAL TRADING CO. LTD	China	100.00%
SHANGHAI MEICIFANG BUSINESS CONSULTING CO. LTD	China	100.00%
SHANGHAI MEICIFANG INVESTMENT CO., LTD.	China	100.00%
SHANGHAI YIMEI BUSINESS CONSULTING CO. LTD	China	100.00%
SHU UEMURA COSMETICS INC.	Japan	100.00%
SICOS & CIE	France	100.00%
SOCIÉTÉ HYDROMINÉRALE DE LA ROCHE POSAY – S.H.R.P.	France	99.98%
SOPROCOS	France	100.00%
SOPROREAL	France	100.00%
SPARLYS	France	100.00%
SUZHOU L'ORÉAL SUPPLY CHAIN MANAGEMENT CO., LTD	China	100.00%
TAIWAN AĒSOP COSMETICS COMPANY LIMITED BY SHARES	Taiwan Region	100.00%
YICHANG TIANMEI INTERNATIONAL COSMETICS CO LTD	China	100.00%
ZHEJIANG YESSKIN TECHNOLOGY CO. LTD.	China	70.00%

5.7.2 Equity-accounted companies

Company	Head office	% interest
AMOUAGE SAOC	Oman	25.00%
INNEOV DEUTSCHLAND GmbH	Germany	50.00%[1]
INNEOV MEXICO S.A. DE C.V.	Mexico	50.00%[1]
INNEOV TAIWAN CO. LTD	Taiwan	50.00%[1]
LIPP DISTRIBUTION	Tunisia	49.00%
LOSHIAN CO., LTD	Korea	40.00%
NUTRICOS TECHNOLOGIES	France	50.00%[1]
SALON INTERACTIVE, INC.	United States	46.00%

(1) Companies jointly owned with Nestlé.

5.8 Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2024

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

L'Oréal

Year ended December 31, 2024

To the Annual General Meeting of L'Oréal,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of L'Oréal for the year ended December 31, 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2024 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill and indefinite-life brands

See Notes 7.1 "Goodwill", 7.2 "Other intangible assets", 7.3 "Impairment tests of intangible assets" and 4 "Other operating income and expenses", to the consolidated financial statements

Risk identified	Our response
As at December 31, 2024, the net book value of goodwill and indefinite-life brands amounted respectively to M€ 13,382 and M€ 2,737 (representing a total of 29% of assets) as described in Note 7 to the consolidated financial statements. These assets are subject to an impairment test whenever an adverse event occurs, and at least once a year, in order to verify that their book value does not exceed their recoverable value. The recoverable values of each cash-generating unit (CGU) are determined based on the discounted projections of future operating cash flows over a ten-year period (the necessary period for the strategic positioning of an acquisition) and a terminal value. The assumptions taken into account in the valuation of the recoverable value are described in Note 7.3 and mainly relate to: • the increase in revenue and margin rate; • an infinite growth rate for calculating the terminal value, and • discount rates based on the weighted average cost of capital, including a country risk premium if necessary. The impairment tests carried out in 2024 showed an impairment of M€ 48,4 on goodwill and an impairment of M€ 1,6 on brands. We considered the valuation of these assets to be a key audit matter given their relative proportion in the consolidated financial statements, and because determining their recoverable value requires significant judgment from Management in order to determine future cash flow projections and the key assumptions used.	We obtained an understanding of Management's methodology for conducting impairment tests and sensitivity analyses. We evaluated these, especially by reconciling them with our own sensitivity analyses, in order to define the nature and scope of our work. We assessed the quality of the budgeting and forecasting processes. For the impairment tests of the assets considered the most sensitive, our work consisted, in particular, in assessing the reasonableness of the main estimates, and more specifically in: • assessing the consistency of revenue and margin rate projections with your Group's past performance and the economic and financial context in which your Group operates; • corroborating the future growth rates used with the performance analyses of the global cosmetics market, taking into account the specificities of the local markets and distribution channels in which your Group operates; • analyzing the discount rates applied to future cash flows by comparing the parameters used with external references, long-term growth rates and royalty rates by including valuation experts in our team; • examining sensitivity analyses against Management's key assumptions and against our own analyses. We assessed the appropriateness of the information given in the notes to the consolidated financial statements.

Revenue recognition: estimate of items deducted from revenue

See Note 3 "Operating items - Sector-specific information - Accounting principles – Revenue", to the consolidated financial statements

Risk identified	Our response
Your Group's revenue is presented net of product returns and discounts, rebates and other benefits granted to distributors or consumers (such as commercial cooperation), as described in Note 3 to the consolidated financial statements. These various deductions from revenue are recorded simultaneously with the recognition of sales in particular on the basis of contractual conditions and statistical data from past experience. At the end of the financial year, revenue valuation thus includes estimates related to the amounts deducted, which we considered to be (i) complex, due to the diversity of contractual agreements and commercial conditions existing in your Group's various markets, (ii) sensitive, the revenue being a key indicator in the valuation of the Group's and its Management's performance, and (iii) significant, given their impact in the financial statements. We considered the valuation of product returns, discounts, rebates and other benefits granted to customers to be a key audit matter.	We assessed the appropriateness of the Group's accounting principles relating to the recognition of product returns, discounts, rebates and other benefits granted to customers, in accordance with IFRS. We obtained an understanding of the internal control system put in place in the Group's commercial entities, which allows to evaluate and record the items deducted from revenue, especially at closing, and we tested, by sampling, the main controls of this system. We also carried out substantial tests in order to assess the reasonableness of the product returns and customer benefits estimates. These tests specifically consisted in: • analyzing the valuation methods used, in particular, by critically examining the assumptions used, checking the permanence of the methods and analyzing the anteriority and unwinding of the previous financial year provisions; • reconciling the statistical data from the past experience and contractual conditions with the data contained in the information systems used to manage commercial conditions; • verifying the arithmetic accuracy of the calculation of the corresponding entries (including the residual commitment at closing), their recording in the accounts and their presentation in the consolidated financial statements.

Valuation of provisions for tax risks and uncertain tax positions

See Notes 6 "Income taxes" and 12 "Provisions for risks and expenses – Contingent liabilities and significant outstanding litigation" to the consolidated financial statements

Risk identified	Our response
Your Group is exposed to various business risks, including tax risks. When the amount or maturity can be estimated with sufficient reliability, a tax liability is recognized for these risks. Otherwise, your Group discloses information on contingent liabilities in the notes to the consolidated financial statements. Note 12.2.1 "Tax disputes" to the consolidated financial statements sets out, in particular, the state of tax disputes in Brazil and in India, for which the administration's claims amount to M€ 631 and M€ 234, respectively. The uncertain tax positions are classified in the balance sheet on the non-current tax liabilities line for M€ 224 as at December 31, 2024. We considered the identification and valuation of these items to be a key audit matter, given: • the high level of judgment required of Management to determine the risks which need to be provisioned, and to assess the amounts to be provisioned with sufficient reliability; • the potential significant impact of these provisions on your Group's income.	In order to identify and obtain an understanding of all uncertain tax positions, existing liabilities and related judgments, we had discussions with tax departments at different levels of the organization, in France and abroad. We obtained an understanding of the internal control system put in place to identify and assess these risks. We reconciled the list of identified tax disputes with the information provided by the Group's tax departments and the main tax advisors. As for the main uncertain tax positions and tax risks for which a liability is made, we assessed the quality of Management's estimates by considering the data and assumptions used, as well as the calculations made. We also conducted a retrospective analysis by comparing the amounts paid over the last few years with the amounts previously provisioned. By including tax experts into our team when necessary, we: • examined procedural matters and/or tax or technical opinions issued by external advisors selected by Management, in order to assess the appropriateness of a liability; • carried out, on the basis of the information submitted to us, a critical review of the risk estimates, and verified that the assessments used by Management are within the acceptable ranges; • verified the continuation of the methods used for these assessments, when necessary. With regard to contingent liabilities, by including tax experts when necessary, we examined the procedural items and/or the tax or technical opinions issued by external advisors chosen by Management in order to assess the appropriateness of a lack of provision. We assessed the appropriateness of the information given in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF *(Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of L'Oréal by your annual general meeting held on April 29, 2004 for DELOITTE & ASSOCIES and on April 21, 2022 for ERNST & YOUNG Audit.

As at December 31, 2024, DELOITTE & ASSOCIES was in the twenty-first year of total uninterrupted engagement and ERNST & YOUNG Audit in the third year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2025

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David Dupont-Noel	Céline Eydieu-Boutté

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AFR *This information is an integral part of the Annual Financial Report.*

The individual financial statements set out in this chapter are those of the L'Oréal parent company. They show the financial situation of the parent company. Unlike the consolidated financial statements, they do not include the results of the Group's subsidiaries.

The information regarding the parent company financial statements that was previously included in the Management Report of the Board of Directors is now included in this chapter. The pages concerned are the table showing the main changes and threshold crossings regarding equity investments, the five-year financial summary and the amount of expenses and charges provided for in Article 223 *quater* of the French Tax Code, and the table showing past due invoices issued and received and not paid at the closing date, provided for by Articles L. 441-14 and D. 441-6 of the French Commercial Code. The Statutory Auditor's Report on the parent company financial statements rounds out this information.

6.1 Compared income statements

€ millions	Notes	31.12.2024	31.12.2023	31.12.2022
Operating revenue		**5,794.6**	**6,909.6**	**7,164.5**
Sales	2	4,863.4	5,982.7	6,282.0
Reversals of provisions and transfers of charges		175.8	169.9	168.4
Other revenue	3	755.4	757.0	714.1
Operating expenses		**(4,934.7)**	**(5,917.1)**	**(6,290.3)**
Purchases and change in inventories		(2.3)	(478.9)	(792.8)
Other purchases and external charges		(3,084.0)	(3,296.1)	(3,309.4)
Taxes and similar payments		(125.7)	(120.6)	(129.7)
Personnel costs		(1,154.9)	(1,307.6)	(1,376.3)
Depreciation, amortisation and charges to provisions	5	(236.9)	(381.3)	(314.2)
Other charges		(331.0)	(332.6)	(367.9)
Operating profit		**859.9**	**992.5**	**874.2**
Net financial revenue	6	4,990.4	5,124.1	11,711.7
Net charges/reversals of provisions and transfers of charges	6	22.1	(2,010.5)	108.1
Exchange gains and losses		24.7	35.8	(316.1)
Net financial income		**5,037.2**	**3,149.4**	**11,503.7**
Profit before tax and exceptional items		**5,897.1**	**4,141.9**	**12,377.9**
Exceptional items	**7**	**(61.5)**	**(113.8)**	**246.6**
Employee profit-sharing		(42.5)	(37.7)	(31.0)
Income tax	8	(115.2)	(164.1)	(250.4)
NET PROFIT		**5,678.0**	**3,826.3**	**12,343.1**

6.2 Compared balance sheets

ASSETS

€ millions (net values)	Notes	31.12.2024	31.12.2023	31.12.2022
Intangible assets	11	4,562.3	4,258.1	4,876.4
Property, plant and equipment	12	469.4	439.2	625.3
Financial assets	13	23,409.5	20,353.0	17,274.6
Non-current assets		**28,441.2**	**25,050.3**	**22,776.3**
Inventories		0.9	0.9	135.6
Prepayments to suppliers		11.9	12.5	11.6
Trade accounts receivable	15	543.5	722.9	1,030.9
Other current assets	15	329.7	347.8	513.6
Marketable securities and cash instruments	14	45.5	72.0	76.8
Cash and cash equivalents	26	290.7	347.1	618.0
Current assets		**1,222.3**	**1,503.2**	**2,386.5**
Prepaid expenses		51.3	61.0	90.8
Bond redemption premiums		7.9	7.4	—
Unrealised exchange losses	20	64.5	45.4	59.6
TOTAL ASSETS		**29,787.0**	**26,667.4**	**25,313.3**

SHAREHOLDERS' EQUITY AND LIABILITIES

€ millions	Notes	31.12.2024	31.12.2023	31.12.2022
Share capital		106.9	106.9	107.0
Additional paid-in capital		3,444.3	3,370.2	3,368.7
Reserves and retained earnings		11,029.2	11,267.8	2,673.0
Net profit		5,678.0	3,826.3	12,343.1
Regulated provisions		14.6	16.9	22.0
Shareholders' equity		**20,273.0**	**18,588.1**	**18,513.8**
Provisions for liabilities and charges	**17**	**366.5**	**320.3**	**596.6**
Borrowings and debt	18	7,890.4	6,555.3	3,872.1
Trade accounts payable	19	592.7	597.1	1,201.8
Other current liabilities	19	624.2	543.9	1,051.2
Other liabilities		**9,107.3**	**7,696.3**	**6,125.1**
Unrealised exchange gains	20	40.3	62.6	77.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**29,787.0**	**26,667.3**	**25,313.3**

6.3 Statement of changes in shareholders' equity

The share capital comprises 534,312,021 shares with a par value of €0.2 each following transactions carried out in financial year 2024:

- issue of 230,423 shares under the employee shareholding plan;
- issue of 664,680 free shares;
- cancellation of 1,308,557 shares.

Changes in shareholders' equity are as follows:

€ millions	Share capital	Additional paid-in capital	1976 revaluation reserve	Reserves and retained earnings[1]	Net profit for the year	Regulated provisions and investment grants[2]	Total
Balance at 31 December 2021 before appropriation of net profit	**111.5**	**3,265.6**	**42.5**	**10,770.6**	**3,860.5**	**29.9**	**18,080.6**
Capital increase	0.3	103.1					103.4
Cancellation of shares	(4.8)			(9,399.4)			(9,404.2)
Appropriation of 2021 net profit				1,259.3	(1,259.3)		—
Dividends paid for 2021					(2,601.2)		(2,601.2)
2022 net profit					12,343.1		12,343.1
Other movements during the period						(7.9)	(7.9)
Balance at 31 December 2022 before appropriation of net profit	**107.0**	**3,368.7**	**42.5**	**2,630.5**	**12,343.1**	**22.0**	**18,513.8**
Capital increase	0.2	1.5					1.7
Cancellation of shares	(0.3)			(499.7)			(500.0)
Appropriation of 2022 net profit				9,094.7	(9,094.7)		—
Dividends paid for 2022					(3,248.4)		(3,248.4)
2023 net profit					3,826.3		3,826.3
Other movements during the period				(0.2)		(5.1)	(5.3)
Balance at 31 December 2023 before appropriation of net profit	**106.9**	**3,370.2**	**42.5**	**11,225.3**	**3,826.3**	**16.9**	**18,588.1**
Capital increase	0.2	69.8					70.0
Cancellation of shares	(0.2)			(499.7)			(499.9)
Appropriation of 2023 net profit				261.2	(261.2)		—
Dividends paid for 2023					(3,565.1)		(3,565.1)
2024 net profit					5,678.0		5,678.0
Other movements during the period		4.3		(0.1)		(2.3)	1.9
BALANCE AT 31 DECEMBER 2024 BEFORE APPROPRIATION OF NET PROFIT	**106.9**	**3,444.3**	**42.5**	**10,986.7**	**5,678.0**	**14.6**	**20,273.0**

(1) The amount added to reserves for (i) unpaid dividends on treasury shares held by L'Oréal, (ii) movements between 1 January and the dividend payment date, on maturing free share plans, (iii) and the final number of shares carrying preferential dividend rights, stood at a negative €1.1 million in 2024, compared with a negative €2.9 million in 2023 and a negative €4.5 million in 2022.

(2) The item "Regulated provisions and investment grants" amounted to €14.6 million at 31 December 2024, compared with €16.9 million at 31 December 2023 and €22 million at 31 December 2022. This item mainly consisted of accelerated tax-driven depreciation.

Details of share subscription option and free share plans are provided in note 16.

6.4 Statements of cash flows

€ millions	Notes	31.12.2024	31.12.2023	31.12.2022
Operating activities				
Net profit		**5,678.0**	**3,826.3**	**12,343.1**
Depreciation and amortisation	11-12	113.5	142.5	166.0
Charges to provisions (net of reversals)[(1)]		(74.4)	2,077.6	(208.9)
Gains and losses on disposals of non-current assets		72.3	122.8	4.3
Other non-cash transactions		(8.9)	16.2	—
Gross cash flow		**5,780.5**	**6,185.4**	**12,304.5**
Changes in working capital[(1)]	24	203.7	(566.8)	65.5
Net cash provided by operating activities		**5,984.3**	**5,618.6**	**12,370.0**
Investing activities				
Investments in non-current assets	11-12-13	(2,795.4)	(1,845.9)	(7,845.7)
Changes in other financial assets	25	(1,209.2)	(3,582.4)	(361.7)
Disposals of non-current assets		206.4	109.3	27.2
Net cash used in investing activities		**(3,798.3)**	**(5,319.0)**	**(8,180.2)**
Financing activities				
Capital increase		69.9	1.5	103.2
Dividends paid		(3,565.1)	(3,248.4)	(2,601.2)
Changes in financial debt	18	1,234.1	2,675.8	(1,074.4)
Net cash from financing activities		**(2,261.1)**	**(571.1)**	**(3,572.4)**
Cash acquired or sold in the period (complete transfer of assets and liabilities)		18.8	0.6	—
Change in cash and cash equivalents		**(56.3)**	**(270.9)**	**617.4**
Net cash and cash equivalents at beginning of the year	26	347.1	618.0	0.6
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**26**	**290.7**	**347.1**	**618.0**

(1) In 2022, following the settlement of the dispute with the French Competition Authority, the reversal of the provision and the reversal of the receivable for the same amount of €189.5 million have been presented as non-cash transactions.

6.5 Notes to the financial statements of L'Oréal S.A.

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Highlights of the financial year

Reorganisation

As part of the ongoing simplification and streamlining of its activities in France during 2023, L'Oréal conducted the following transactions effective 1 January 2024:

- merger of Soproréal (Aulnay-sous-Bois plant); followed by
- partial asset transfer of the Soproréal and Open Manufacturing (OMA) units to a newly-formed Soproréal entity.

Acquisition of non-controlling interests

In August 2024, L'Oréal Groupe acquired a 10% interest in Galderma Group AG, allowing L'Oréal and Galderma to work towards forming a strategic scientific partnership and leveraging their undisputed expertise: Galderma across a broad range of dermatological solutions, and L'Oréal in skin biology, diagnostic tools and evaluation methods.

Other events

On 6 November 2024, L'Oréal placed a dual tranche bond offering for a total nominal amount of €1.25 billion (see note 18). The offering comprised two tranches:

- a €750 million tranche with a 3-year maturity, with a fixed-rate coupon of 2.50% per year;
- a €500 million tranche with a 7-year maturity, with a fixed-rate coupon of 2.875% per year.

Note 1 Accounting principles

The 2024 annual financial statements of L'Oréal SA have been prepared in accordance with French law and regulations, as set out in Regulation ANC 2014-03 (French Chart of Accounts) and generally accepted accounting principles and basic assumptions designed to provide a true and fair view of the company:

- going concern basis;
- consistency of methods between financial periods;
- accrual basis of accounting.

Items recorded in the financial statements are valued using the historical cost method, except for fixed assets that have been revalued for statutory purposes.

The main accounting methods used are described below.

The comparability of results between financial years 2024, 2023 and 2022 has been impaired by two partial asset transfers (i) on 1 July 2023 to L'Oréal France and L'Oréal International Distribution, and (ii) on 1 January 2024 to the newly-formed entity, Soproréal.

1.1 Sales

Since July 2023, net sales have mainly comprised services and technology royalties.

1.2 Advertising and promotion expenses

Expenses relating to the advertisement and promotion of products to customers and consumers are recognised as expenses for the financial year in which the advertisement or promotional initiative takes place.

1.3 Research and innovation costs

Research and innovation costs are recognised in expenses in the period in which they are incurred.

1.4 Loan issue costs

Issuance costs of borrowings are expensed immediately in the financial year in which they are incurred.

1.5 Income tax

The Company has opted for the French tax group regime. French subsidiaries included in the scope of tax consolidation recognise an income tax charge in their own accounts on the basis of their own taxable profits and losses.

L'Oréal, as the parent company of the tax group, recognises as tax income the difference between the aggregate tax charges recognised by the subsidiaries and the tax due on the basis of consolidated taxable profit or loss of the tax group.

Established by the OECD and transposed in December 2023 in France, the Pillar 2 global tax reform aims to establish a minimum taxation of multinational groups at 15% and is applicable from the 2024 financial year (see note 8).

1.6 Intangible assets

Intangible assets are recorded in the balance sheet at purchase cost, including acquisition costs.

Technical merger losses are allocated to the corresponding underlying assets and amortised where appropriate.

The value of newly acquired trademarks is calculated based on a multi-criteria approach taking into consideration their reputation and their future contribution to profits.

In accordance with regulation No. 2004-06 on assets, certain trademarks have been identified as amortisable regarding their estimated useful life.

Non-amortisable trademarks are tested for impairment at least once a year on the basis of the valuation model used at the time of their acquisition. An impairment is recorded where appropriate. Initial trademark registration costs are recorded as expenses.

Patents are amortised over a period ranging from 2 to 10 years.

Business goodwill is not amortised. It is impaired whenever the present value of future cash flows is less than the carrying amount. Impairment tests are conducted at least once a year, even when there is no evidence of impairment loss.

Software of material value is amortised using the straight-line method over its probable useful life, generally between three and eight years.

Other intangible assets are usually amortised over periods not exceeding 20 years.

1.7 Property, plant and equipment

Property, plant and equipment are recognised at purchase cost, including acquisition expenses.

The useful lives of property, plant and equipment are as follows:

	Duration (years)
Buildings	20-50
Fixtures and fittings	5-10
Industrial machinery and equipment	10
Other property, plant and equipment	3-10

Both straight-line and declining-balance depreciation is calculated over the actual useful lives of the assets concerned. Exceptionally, industrial machinery and equipment is depreciated using the straight-line method over a period of 10 years, with all additional depreciation classified as accelerated tax-driven depreciation. Exceptional depreciation may be recognised where events and circumstances lead to a review of the asset's useful life.

1.8 Financial assets

1.8.1 Equity investments

These items are recognised in the balance sheet at purchase cost, excluding incidental expenses.

Their value is assessed annually by reference to their value in use, which is mainly based on the current and forecast profitability of the subsidiary concerned and the share of shareholders' equity owned. If the value in use falls below the carrying amount, an impairment is recognised.

1.8.2 Other financial assets

Loans and other receivables are valued at their nominal amount and those denominated in foreign currencies are translated at the exchange rate prevailing at the end of the financial year. If necessary, impairments are also recognised against them to reflect their value in use at the end of the financial year.

Treasury shares acquired in connection with buyback programmes with a view to being cancelled are recognised in other long-term investments.

At the end of the financial year, other long-term investments are compared with their probable sale price and a provision for impairment recognised where appropriate.

1.9 Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are recorded at their nominal value. Where appropriate, an impairment is recognised based on an assessment of the risk of non-recovery.

1.10 Marketable securities and cash instruments

Cash instruments

Derivatives that are not designated as hedges are classified as isolated open positions. These are recognised at their fair value in the balance sheet, and offset a "Translation adjustments" account.

1.11 Translation of foreign currency transactions and exchange rate hedges

All receivables, payables, loans and borrowings denominated in foreign currencies are translated on the balance sheet at the exchange rate prevailing as of the reporting date for the financial year. These exchange rate variations, as well as those linked to the hedging instruments taken out to cover the said receivables, payables, loans and borrowings denominated in foreign currencies, are recorded in the balance sheet under the heading "Unrealised exchange losses/gains".

A provision is recognised if the sum of these translation adjustments shows a potential exchange loss based on the overall exchange position, calculated on a currency-by-currency basis. The overall foreign exchange position excludes translation differences of hedging instruments and hedged items

In accordance with French accounting standards, the potential gain resulting from the overall foreign exchange position is not recognised as income in the income statement.

Exchange rate hedging instruments are contracted to hedge commercial transactions recognised in the balance sheet and future transactions that are considered to be highly probable. Gains and losses generated by these instruments are recognised symmetrically with the gains and losses arising on the hedged items, in the same aggregate as profit and loss. Option premium income/discounts are recognised in profit and loss when the hedged item is recognised in profit and loss.

Hedges have already been taken out in respect of forecasted operating transactions for the next financial year. The impact of such hedges on profit or loss will be recorded during the same financial year as the transactions hedged.

1.12 Accounting for interest rate instruments

In the case of interest-rate hedges, for gains and losses arising on interest rate swaps and caps, hedging financial liabilities are recorded on a pro rata basis symmetrically with the gains and losses on the items hedged.

1.13 Provisions for liabilities and charges

Provisions for liabilities and charges are recognised to cover probable outflows of resources to third parties, without receipt of equivalent consideration by the Company. They mainly concern risks and disputes of a commercial, financial, tax or employee-related nature.

The estimated amount included in provisions corresponds to the outflow of resources that the Company is likely to incur in the settlement of its obligation. Depending on the type of provision, the estimate takes account of the most probable assumptions of realisation, or is assessed in line with statistical methods.

Contingent liabilities are potential obligations arising from past events, whose existence will only be confirmed by the occurrence of future (uncertain) events that are not wholly within the control of the Company or probable liabilities for which the outflow of resources is also not within its control. Contingent liabilities are not recognised and are disclosed where applicable.

1.14 Employee retirement obligations and related benefits

The L'Oréal parent company operates pension, early retirement and other benefit schemes for employees and retirees depending on local legislation and regulations. Directors and corporate officers are regarded as employees for all additional benefits relating to their remuneration, and are therefore covered by the same employee benefit schemes.

These obligations are partially funded by an external scheme where the funds are gradually built up through contributions paid. The contributions are expensed as incurred under other purchases and external charges.

The related obligations are measured using an actuarial valuation method based on final salaries. The method takes account of length of service, life expectancy, turnover by category of personnel and economic assumptions such as inflation and discount rates. The Company has opted for the new method provided by recommendation ANC 2013-02 on the accounting treatment of pension obligations and similar benefits as amended on 5 November 2021. That is to say, the increase in the obligation for each employee is no longer recognised on a straight-line basis over his or her term of employment but straight-line only over the vesting period for his or her benefit rights.

No provision is recognised in the balance sheet for net unfunded obligations. These thus appear as off-balance sheet commitments.

Only obligations in respect of long-service awards are no longer recognised as an off-balance sheet commitment; instead, a provision is recognised in the balance sheet based on an actuarial valuation of the obligation (see note 17).

Note 2 Sales

€ millions	31.12.2024	31.12.2023	31.12.2022
Sales of goods	—	1,484.9	2,488.1
Services[(1)]	4,784.9	4,361.3	3,672.7
Other revenue	78.5	136.5	121.2
TOTAL	**4,863.4**	**5,982.7**	**6,282.0**

(1) Including invoicing of technological royalties.

The Company generated €908.5 million of its net sales in France in 2024, compared with €2,693.1 million in 2023 and €3,400.8 million in 2022.

The fall in net sales is mainly due to partial asset transfers carried out on 1 July 2023.

Note 3 Other revenue

This item mainly comprises brand royalties and foreign exchange gains from operations.

Note 4 Average headcount

Average headcount can be broken down as follows:

	2024	2023	2022
Executives	5,277	5,982	6,482
Supervisors	1,167	1,665	2,062
Administrative staff	30	81	129
Manual workers	—	232	337
Sales representatives	—	259	533
TOTAL[(1)]	**6,474**	**8,219**	**9,543**
Apprentices	421	462	515

(1) The decrease in average headcount reflects the partial asset transfers involving the transfer of the workforce from the Affaires Marchés France, Domaines d'Excellence and International Distribution activities to the companies L'Oréal France and L'Oréal International Distribution as of 1 July 2023, and the employees of Soproréal and Open Manufacturing to a newly-formed Soproréal entity on 1 January 2024.

Note 5 Depreciation, amortisation and charges to provisions

Depreciation, amortisation and charges to provisions can be broken down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Depreciation and amortisation	(112.7)	(131.8)	(157.2)
Impairment of non-current assets	—	(94.2)	(49.4)
Impairment of current assets	(0.2)	(11.8)	(8.2)
Provisions for liabilities and charges	(124.0)	(143.5)	(99.4)
TOTAL	**(236.9)**	**(381.3)**	**(314.2)**

Note 6 Net financial income

Net financial income amounts include the following items:

€ millions	31.12.2024	31.12.2023	31.12.2022
Dividends received[1]	5,052.4	5,179.8	11,726.2
Revenues on other receivables and marketable securities	143.7	105.4	27.8
Interest expense on borrowings and financial debt	(214.8)	(140.6)	(4.9)
Other	9.2	(20.5)	(37.4)
TOTAL	**4,990.4**	**5,124.1**	**11,711.7**

(1) *In 2022, L'Oréal received an exceptional dividend of €6.8 billion from its subsidiary L'Oréal Hong Kong following the transfer of the Travel Retail Asia business to L'Oréal Singapore.*

Charges to provisions net of reversals and expense transfers chiefly concern:

€ millions	31.12.2024	31.12.2023	31.12.2022
Equity investments[1]	62.9	(2,044.1)	(49.2)
Impairment of other financial assets	—	—	—
Impairment of Treasury shares	—	—	—
Provisions for liabilities and charges relating to financial items[2]	(38.7)	31.6	154.8
Other	(2.0)	2.0	2.5
TOTAL	**22.1**	**(2,010.5)**	**108.1**

(1) *In 2024, net reversals in the amount of €62 million chiefly correspond to the liquidation of Atelier Cologne France (€42.5 million) and L'Oréal West Africa (€25.3 million), and the disposal of Canan Kozmetik (€27.4 million).*
In 2023, this mainly related to the impairment of shares in L'Oréal Singapore. This is the inevitable consequence of the overall deterioration in L'Oréal Singapore's situation, which was itself due to various operational reorganisations of Travel Retail.

(2) *In 2024, this mainly related to provisions for currency risk amounting to €39.6 million.*
In 2023, this mainly related to the reversal of provisions for risks relating to the subsidiaries' negative overall situation, amounting to €39.2 million.
In 2022, this mainly related to reversals of provisions for currency risk amounting to €165.1 million.

Note 7 Exceptional items

Exceptional items represented an expense of €61.5 million in 2024, compared to an expense of €113.8 million in 2023 and income of €246.6 million in 2022.

Note 8 Income tax

The income tax breaks down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Tax on profit before tax and exceptional items	(94.8)	(175.1)	(262.5)
Tax on exceptional items and employee Profit Sharing	10.1	11.0	12.1
Pillar Two tax charge	(30.4)	—	—
INCOME TAX	**(115.2)**	**(164.1)**	**(250.4)**

In 2024, the tax charge recognised by L'Oréal included a tax consolidation loss of €0.9 million.

In 2023, the tax charge recognised by L'Oréal included a tax consolidation loss of €43.9 million.

In 2022, the tax charge recognised by L'Oréal included a tax consolidation loss of €65.0 million.

Note 9 Increases or reductions in future tax liabilities

	31.12.2022		31.12.2023		Changes		31.12.2024	
€ millions	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Temporary differences								
Regulated provisions	—	5.6	—	4.1	1.2	0.6		3.5
Temporarily non-deductible charges	100.5	—	93.4	—	53.2	0.5	146.1	
Charges deducted (or revenue taxed) for tax purposes but not yet recognised	4.7	—	4.5	—		10.7		6.3
Temporarily non-taxable revenue	—	—	—	—				
Deductible items								
Tax losses, deferred items	—	—	—	—				
Potentially taxable items								
Special reserve for long-term capital gains	—	137.0	—	137.0				137.0

These figures factor in the social contribution of 3.3% which is added to corporate income tax, both at normal and reduced rates.

Note 10 Research costs

Expenses booked for Research activities in 2024 totalled €1,356.9 million, compared with €1,293.2 million in 2023 and €1,188.3 million in 2022.

Note 11 Intangible assets

€ millions	31.12.2022	31.12.2023	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements	31.12.2024
Patents and trademarks[1]	1,196.7	1,162.4	80.5	(0.1)	—	1,242.9
Business goodwill[2]	3,132.7	2,487.4	75.4	—	97.5	2,660.2
Software	665.0	527.1	19.0	(10.6)	131.4	666.9
Other intangible assets[3]	551.0	525.7	—	(58.8)	(97.5)	369.4
Intangible assets in progress	377.4	520.4	214.3	—	(134.4)	600.3
Gross value	**5,922.6**	**5,223.0**	**389.2**	**(69.5)**	**(3.0)**	**5,539.7**
Patents and trademarks	210.0	214.0	20.0	(0.1)	—	234.0
Business goodwill	0.1	—	—	—	59.0	59.1
Software	491.4	380.1	60.0	(8.6)	—	431.4
Other intangible assets	74.8	68.2	—	—	(59.0)	9.2
Amortisation	**776.3**	**662.4**	**80.0**	**(8.7)**	**—**	**733.7**
Patents and trademarks	76.1	77.3	—	—	—	77.3
Business goodwill	189.3	221.4	—	(58.8)	3.6	166.2
Software	1.0	0.1	—	—	—	0.1
Other intangible assets	3.6	3.6	—	—	(3.6)	—
Impairment	**269.9**	**302.4**	**—**	**(58.8)**	**—**	**243.6**
NET VALUE	**4,876.4**	**4,258.1**	**309.2**	**(2.0)**	**(3.0)**	**4,562.3**

(1) Acquisitions of patents and trademarks mainly concern the Gjosa technology and the Ushuaïa brands.
(2) Acquisitions in 2024 relate to business goodwill at Lactobio, Gjosa and Nanda (International Business).
(3) The Decléor brand, classified within merger losses and written down in full, was sold in 2024.

Note 12 Property, plant and equipment

€ millions	31.12.2022	31.12.2023	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements	31.12.2024
Land	81.3	80.5	—	—	0.1	80.6
Buildings	749.5	676.9	22.6	—	—	699.5
Industrial machinery and equipment	215.0	196.3	3.0	(0.5)	(1.3)	197.5
Other property, plant and equipment	351.9	59.9	0.6	(6.2)	1.2	55.5
Property, plant and equipment in progress	85.9	28.3	40.3	—	(1.1)	67.5
Advances and prepayments	4.6	1.9	—	—	(1.7)	0.2
Gross value	**1,488.2**	**1,043.8**	**66.5**	**(6.7)**	**(2.8)**	**1,100.8**
Land	2.4	2.5	0.2	—	—	2.7
Buildings	459.5	393.7	21.1	—	—	414.8
Industrial machinery and equipment	171.2	160.8	8.7	(0.5)	(1.1)	167.9
Other property, plant and equipment	227.3	46.4	3.5	(6.2)	1.1	44.8
Amortisation	**860.4**	**603.4**	**33.5**	**(6.7)**	**—**	**630.2**
Land	—	—	—	—	—	—
Industrial machinery and equipment	2.6	1.2	—	—	—	1.2
Impairment	**2.6**	**1.2**	**—**	**—**	**—**	**1.2**
NET VALUE	**625.2**	**439.2**	**33.0**	**—**	**(2.8)**	**469.4**

The annual depreciation and amortisation charge for property, plant and equipment and intangible assets in 2024 amounted to:

- €112.7 million on a straight-line basis;
- €0.8 million relating to accelerated depreciation and amortisation.

Note 13 Financial assets

€ millions	31.12.2022	31.12.2023	Allocation of technical merger losses	Acquisitions/ Subscriptions	Disposals/ Reductions	Partial asset transfers[5]	Other movements	31.12.2024
Equity investments[1]	17,832.8	19,384.6	—	1,859.9	(213.6)	105.4	(26.6)	21,109.8
Loans and advances[2]	223.2	3,753.6	—	4,746.7	(3,479.9)	—	—	5,020.4
L'Oréal shares[3]	—	—	—	500.0	—	—	(500.0)	—
Other	4.9	4.3	—	2.8	(0.7)	—	—	6.4
Gross value	**18,060.9**	**23,142.5**	**—**	**7,109.3**	**(3,694.2)**	**105.4**	**(526.6)**	**26,136.5**
Equity investments[4]	785.6	2,789.3	—	43.5	(106.0)	—	—	2,726.8
Loans and advances	0.4	—	—	—	—	—	—	—
Other	0.3	0.2	—	—	—	—	—	0.2
Impairment	**786.3**	**2,789.5**	**—**	**43.5**	**(106.0)**	**—**	**—**	**2,727.0**
NET VALUE	**17,274.6**	**20,353.0**	**—**	**7,065.8**	**(3,588.2)**	**105.4**	**(526.6)**	**23,409.5**

(1) Acquisitions essentially corresponded to Galderma shares for €1,798.5 million. Disposals/reductions mainly concern the liquidation of Atelier Cologne Luxembourg for €88.9 million and L'Oréal West Africa for €25.3 million, the disposal of Beautycos International for €46.2 million and of Canan Kozmetik for €30.3 million.
(2) Loans and advances correspond mainly to long-term investments with the Group's cash pool, amounting to €5,000 million (€3,750 million at 31 December 2023), with maturities between 2026 and 2031. Changes in this item correspond to short-term investments with the cash pool that we reimbursed during the year.
(3) On 30 July 2024, the Board of Directors resolved, in connection with the authorisation approved by the Annual General Meeting of 23 April 2024, to buy back L'Oréal shares in the maximum amount of €500 million. The shares thus bought back for €500 million were cancelled in line with the Board of Directors' decision on 10 October 2024.
(4) See note 6 "Net financial income".
(5) Concerns shares received as consideration for the partial asset transfer from L'Oréal to Soproréal.

The table of subsidiaries and holdings is included in note 29 to the parent company financial statements.

Note 14 Marketable securities and cash instruments

This item breaks down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Financial instruments/Premiums paid on options	45.5	72.0	76.8
Gross value	**45.5**	**72.0**	**76.8**
Financial instruments/Premiums paid on options	—	—	—
Impairment	**—**	**—**	**—**
NET VALUE	**45.5**	**72.0**	**76.8**

Note 15 Maturity of receivables

€ millions	1 year or less	More than 1 year	Gross	Impairment	Net
Loans and other receivables with equity investments(1)	**20.3**	**5,000.1**	**5,020.3**	**—**	**5,020.3**
Other financial assets	**6.1**	**—**	**6.1**	**—**	**6.1**
Trade accounts receivable	**543.6**	**—**	**543.7**	**0.2**	**543.6**
Other current assets, of which	**329.7**	**—**	**329.7**	**—**	**329.7**
Tax and employee-related receivables(2)	281.1	—	281.1	—	281.1
Other receivables	48.5	—	48.5	—	48.5
Prepaid expenses	**48.2**	**3.1**	**51.3**	**—**	**51.3**

(1) *Loans and advances correspond mainly to long-term investments with the Group's cash pool, amounting to €5,000 million (€3,750 million at 31 December 2023), with maturities between 2026 and 2031. This item also includes €17 million in accrued interest receivable at 31 December 2024.*
(2) *Including a corporate income tax receivable in the amount of €24.7 million.*

Accrued receivables included in receivables and current assets break down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Trade accounts receivable	0.9	3.3	3.0
Other receivables	3.3	4.7	20.5
TOTAL	**4.2**	**8.0**	**23.5**

Note 16 Free shares – Employee shareholding plan

16.1 Free shares

The table below summarises data relating to the free share plan.

Grant date	Vesting date	Number of shares granted	Number of shares issued/ allotted	Number of shares not fully vested
Stock subscription plans				
17.04.2018	18.04.2022	931,000	868,575	—
18.04.2019	19.04.2023	843,075	776,975	—
14.10.2020	15.10.2024	713,660	661,270	—
07.10.2021	08.10.2025	588,750	1,875	559,100
13.10.2022	14.10.2026	700,000	2,025	686,530
12.10.2023	13.10.2027	650,580	—	644,700
10.10.2024	11.10.2028	700,000	—	700,000

For the conditional grant of shares, the plan provides for a four-year vesting period after which vesting is effective and final, subject to meeting the conditions of the plan.

The performance conditions for the 14 October 2020 and 7 October 2021 plans are:

- for 50%, growth in comparable cosmetics net sales versus a panel of competitors for the period covered by the plan:
  - 2021, 2022 and 2023 for the 2020 plan,
  - 2022, 2023 and 2024 for the 2021 plan;
- for 50% of shares granted, the increase over the same period in the Group's consolidated operating profit for the 14 October 2020 and 7 October 2021 plans.

  The calculation will be made on the basis of the arithmetic average of the performances for financial years:
  - 2021, 2022 and 2023 for the 2020 plan,
  - 2022, 2023 and 2024 for the 2021 plan,

  and it will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

The performance conditions for the 12 October 2023 and 13 October 2022 plans are:

- for 80%, based on financial performance criteria that include:
  - for one half, the growth in comparable cosmetics net sales - in relation to those of a panel of competitors - for the financial years:
    - 2024, 2025 and 2026 for the 2023 plan,
    - 2023, 2024 and 2025 for the 2022 plan,
  - for the other half, the increase over the same period in the Group's consolidated operating profit. The calculation will be made on the basis of the arithmetic average of the performances for financial years:
    - 2024, 2025 and 2026 for the 2023 plan,
    - 2023, 2024 and 2025 for the 2022 plan,
- for 20%, based on non-financial performance criteria that include:
  - 15% is associated with the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme;
  - 5% is associated with the gender balance within strategic positions, including the Executive Committee.

No performance condition applies below a block of 100 shares.

As at 31 December 2024, the performance conditions of the plans in progress were deemed achieved.

16.2 Capital increase reserved for employees

June 2022 plan

In June 2022, Group employees had the opportunity to join a Shareholding Plan based on a traditional format with discount and matching contribution.

The subscription price was set at €254.9, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chief Executive Officer setting the subscription period from 8 June to 22 June 2022 during which 410,943 shares were subscribed. This number does not include the subscription reserved for a Trustee under the laws of England and Wales, as part of a Share Incentive Plan established for Group employees in the UK, in respect of which 3,376 subscribed shares were agreed in October 2023.

For French employees, free shares were offered upon subscription in proportion to their personal contribution to the plan with a maximum of 4 shares offered for 10 shares subscribed.

For employees in other countries, shares were offered under a free share plan with a continued employment condition for the employee and proportionate to how much the employee contributes to the plan, with a maximum of 4 shares offered for 10 subscribed shares. The shares will be allocated to employees on 26 July 2027 provided they are still with the Group on that date.

The share capital increase took place on 26 July 2022 for a total of 448,267 shares and on 12 October 2023 for a total of 4,643 shares, including subscribed shares.

2024 plan

In June 2024, Group employees had the opportunity to join a Shareholding Plan based on a traditional format with discount and matching contribution.

The subscription price was set at €358.71, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chief Executive Officer setting the subscription period from 5 June to 19 June 2024 during which 199,641 shares were subscribed giving entitlement to 72,795 matching shares. This number does not include the subscription reserved for a Trustee under the laws of England and Wales, as part of a Share Incentive Plan established for Group employees in the United Kingdom, in respect of which the final number of subscribed shares will not be known until April 2025.

For French employees, free matching shares were offered upon subscription in proportion to their personal contribution to the plan with a maximum of 3 shares offered for 6 shares subscribed.

For employees in other countries, shares were offered under a free share plan with a continued employment condition for the employee and proportionate to how much the employee contributes to the plan, with a maximum of 3 shares offered for 6 subscribed shares. The shares will be allocated to employees on 31 July 2029 provided they are still with the Group on that date.

The capital was increased on 30 July 2024 by 230,423 shares including matching shares for French employees.

Grant date	Vesting date France	Vesting date outside France	Number of shares granted	Number of shares issued/allotted	Number of shares not fully vested
18.06.2018	18.06.2018	19.06.2023	498,974	490,740	—
02.10.2020	02.10.2023	03.10.2025	496,991	456,695	34,843
22.06.2022	22.06.2022	23.06.2027	494,433	451,643	39,861
19.06.2024	19.06.2024	20.06.2029	276,236	230,423	43,490

Note 17 Provisions for liabilities and charges

€ millions	31.12.2022	31.12.2023	Charges	Reversals (used)	Reversals (not used)	Partial asset transfers	31.12.2024
Provisions for disputes	192.5	0.4	—	—	(0.4)	—	—
Provisions for foreign exchange losses	16.0	35.0	57.2	(35.0)	—	—	57.2
Provisions for expenses[1]	158.5	135.7	112.7	(62.6)	(11.2)	(0.8)	173.8
Other provisions for liabilities[2]	229.6	149.2	62.1	(4.3)	(71.6)	—	135.4
TOTAL	**596.6**	**320.3**	**231.9**	**(101.9)**	**(83.1)**	**(0.8)**	**366.5**

(1) This caption includes provisions for employee-related expenses.
(2) This caption mainly includes provisions set aside to cover risks related to government bodies, commercial and financial risks.

The changes in provisions for liabilities and charges impact the 2024 income statement as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	124.0	(82.5)	(22.4)
Net financial income	56.7	(16.5)	(1.8)
Exceptional items	51.3	(2.9)	(58.9)
TOTAL	**232.0**	**(101.9)**	**(83.1)**

Note 18 Borrowings and debt

L'Oréal obtains financing through medium-term bond loans and issues short-term marketable instruments in France and the United States. The amounts of the programmes are €5,000 million and $5,000 million respectively. None of the Group's borrowings or debt contains an early repayment clause linked to financial ratios (covenants).

Liquidity on the short-term marketable instruments issues is provided by confirmed undrawn short-term credit facilities with banks, which amounted to €5,000 million at 31 December 2024, compared to €5,000 million at 31 December 2023 and €5,000 million at 31 December 2022.

All borrowings and debt are denominated in euros and can be broken down as follows:

BREAKDOWN BY TYPE OF DEBT

€ millions	31.12.2024	31.12.2023	31.12.2022
Bonds	6,080.1	6,551.1	3,014.5
Short-term marketable instruments	—	—	795.2
Bank overdrafts and financing with the Group's cash pool[1]	1,807.3	—	—
Other borrowings and debt	3.1	4.2	62.4
TOTAL	**7,890.4**	**6,555.3**	**3,872.1**

(1) This item also includes €7 million in accrued interest receivable.

BONDS AND EMTNS

Tranche amount *€ millions*	Type of issue	Issue date	Type of rate	Coupon	Issue price*	Maturity	Interest accrued	31.12.2024	31.12.2023	31.12.2022
750	—	March 2022	Variable	—	101.033%	March 2024	—	—	750.3	751.2
1,000	—	March 2022	Fixed	0.375%	99.693%	March 2024	—	—	1,002.8	1,004.3
1,250	SLB	March 2022	Fixed	0.875%	99.741%	June 2026	5.5	1,255.5	1,255.5	1,259.0
1,000	EMTN	May 2023	Fixed	3.125%	99.646%	May 2025	19.4	1,019.4	1,019.4	—
1,000	EMTN	May 2023	Fixed	2.875%	99.323%	May 2028	17.9	1,017.9	1,017.8	—
800	EMTN	November 2023	Fixed	3.375%	99.739%	January 2027	29.8	829.8	802.8	—
700	EMTN	November 2023	Fixed	3.375%	99.754%	November 2029	2.5	702.5	702.5	—
750	EMTN	November 2024	Fixed	2.500%	99.551%	November 2027	2.8	752.8	—	
500	EMTN	November 2024	Fixed	2.875%	99.812%	November 2031	2.2	502.2	—	
TOTAL 7,750							**80.1**	**6,080.1**	**6,551.1**	**3,014.5**

* *Net of fees.*

Bonds have primarily been issued under a "Euro Medium-Term Notes" programme with a cap of €5 billion at 31 December 2024.

BREAKDOWN BY MATURITY DATE

€ millions	31.12.2024	31.12.2023	31.12.2022
Less than 1 year	2,889.5	1,801.5	866.8
1 to 5 years	4,500.9	4,753.8	3,005.3
More than 5 years	500.0	—	—
TOTAL	**7,890.4**	**6,555.3**	**3,872.1**

AVERAGE INTEREST RATE ON BORROWINGS AND DEBT

For 2024, the average rate of the debt in euros was 2.66% including bonds, compared to 2.09% in 2023 and 0.26% in 2022, and the average rate of short-term marketable instruments in dollars in the United States stands at 2.38%.

Note 19 Maturity of payables

€ millions	1 year or less	More than 1 year	Total
Suppliers	**592.7**	**—**	**592.7**
Other current liabilities, of which	**624.2**	**—**	**624.2**
Payables related to non-current assets	49.8	—	49.8
Tax and employee-related payables	475.6	—	475.6
Other liabilities	98.8	—	98.8

Accrual accounts included in trade accounts payable and other current liabilities are as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Suppliers	**184.1**	**264.7**	**662.4**
Payables related to non-current assets	**13.7**	**26.2**	**162.6**
Tax and employee-related payables, of which	**420.6**	**394.0**	**498.6**
Provision for employee Profit Sharing	43.4	32.3	31.7
Provision for incentives	107.5	100.0	143.8
Other liabilities	**0.6**	**4.1**	**210.2**
TOTAL	**619.0**	**689.0**	**1,546.3**

Note 20 Translation adjustments

The revaluation of foreign currency receivables and payables at the exchange rates prevailing at 31 December, taking account of hedging instruments, led to the recognition of the following translation adjustments:

	Assets			Liabilities		
€ millions	31.12.2024	31.12.2023	31.12.2022	31.12.2024	31.12.2023	31.12.2022
Financial receivables	0.1	0.2	8.9	0.4	—	—
Trade accounts receivable	0.8	18.5	6.6	0.1	0.2	0.3
Liabilities	—	—	—	—	—	8.9
Suppliers	0.3	—	—	—	—	—
Derivative financial instruments	63.4	26.7	44.1	39.8	62.4	68.6
TOTAL	**64.5**	**45.4**	**59.6**	**40.3**	**62.6**	**77.8**

The overall foreign exchange position, calculated on a currency-per-currency basis at 31 December 2024, is an unrealised loss of €57.2 million recorded as a provision for unrealised foreign exchange losses (see note 17).

At 31 December 2023, the overall foreign exchange position was an unrealised loss of €35.0 million, compared with an unrealised loss of €16.0 million at 31 December 2022.

Note 21 Derivative financial instruments

Foreign exchange derivative financial instruments can be broken down as follows:

	Notional			Market value		
€ millions	31.12.2024	31.12.2023	31.12.2022	31.12.2024	31.12.2023	31.12.2022
Currency futures						
Purchase of EURO against foreign currencies						
EUR/AUD	24.9	23.6	22.6	0.4	(0.4)	0.3
EUR/BRL	172.7	189.5	159.3	14.5	(5.1)	(0.9)
EUR/CAD	20.4	19.1	16.9	(0.1)	(0.1)	0.9
EUR/CLP	13.0	12.3	11.0	0.1	0.5	(0.8)
EUR/CNY	1,390.6	1,686.5	1,697.0	(33.2)	44.8	17.9
EUR/CZK	14.1	12.2	11.0	—	0.1	(0.5)
EUR/DKK	24.3	20.9	19.9	(0.1)	—	—
EUR/GBP	95.9	56.9	43.9	(2.8)	(0.6)	0.5
EUR/IDR	64.5	60.9	52.2	(3.4)	1.1	2.4
EUR/INR	32.9	13.7	33.5	(2.0)	—	1.6
EUR/KRW	68.0	74.2	73.2	1.3	(0.5)	(1.5)
EUR/PEN	23.3	24.1	17.3	(1.8)	0.4	(0.2)
EUR/PHP	14.6	10.9	7.3	(0.4)	(0.1)	0.1
EUR/PLN	21.4	22.3	—	(0.3)	(1.2)	—

	Notional			Market value		
€ millions	31.12.2024	31.12.2023	31.12.2022	31.12.2024	31.12.2023	31.12.2022
EUR/RSD	21.5	10.4	8.9	(0.1)	(0.1)	(0.5)
EUR/RUB	—	—	4.7	—	—	(1.0)
EUR/THB	82.5	69.2	62.0	(6.5)	—	(0.8)
EUR/TWD	64.7	69.6	59.1	(0.6)	0.3	2.7
EUR/USD	—	—	157.3	—	—	—
EUR/ZAR	50.1	39.0	28.4	(1.7)	(1.0)	0.2
EUR/Other currencies	18.7	19.9	23.2	(1.0)	(2.2)	0.2
Sale of EUR against foreign currencies						
EUR/PLN	—	—	28.2	—	—	1.3
EUR/SGD	175.0	140.1	129.0	3.1	(0.2)	3.2
EUR/USD	136.8	45.5	—	2.6	(1.2)	—
EUR/Other currencies	5.9	4.5	4.7	0.1	0.3	0.3
Purchase of USD against foreign currencies						
USD/BRL	84.9	78.2	80.8	9.6	(3.7)	(0.8)
USD/CNY	164.2	242.0	306.0	4.6	2.6	1.9
USD/INR	15.4	14.0	10.0	0.2	(0.1)	0.2
USD/KRW	20.4	7.5	9.2	1.5	(0.1)	0.1
USD/PEN	38.2	30.9	18.4	(0.3)	(0.6)	(0.7)
USD/PHP	12.4	10.7	8.8	0.5	(0.4)	(0.2)
USD/THB	57.0	33.1	32.9	(1.7)	(1.3)	(1.4)
USD/TWD	10.2	13.2	12.5	0.5	(0.4)	0.2
USD/Other currencies	6.5	7.7	5.9	—	(0.3)	(0.2)
Sale of USD against foreign currencies						
USD/IDR	26.5	26.6	29.8	(1.2)	—	(0.5)
USD/Other currencies	—	2.0	—	—	1.3	—
Purchase of CNY against foreign currencies						
CNY/IDR	21.4	25.7	29.0	(0.3)	0.2	0.3
CNY/INR	18.7	18.0	17.7	(0.7)	(0.1)	0.1
CNY/PHP	10.4	13.4	10.8	(0.3)	(0.4)	(0.3)
CNY/THB	17.5	19.7	20.2	(0.1)	(0.5)	(1.1)
CNY/Other currencies	7.5	7.5	7.0	0.1	(0.2)	0.1
Sale of CNY against foreign currencies						
CNY/JPY	44.4	58.5	66.7	(3.5)	(0.4)	0.9
CNY/KRW	12.3	35.0	25.6	(0.9)	—	1.3
CNY/SGD	3.8	11.2	2.2	—	—	—
CNY/Other currencies	5.0	7.6	6.6	0.1	(0.1)	—
Other currencies pairs	—	—	—	—	—	—
Other	20.8	11.0	25.5	(0.6)	(0.2)	1.2
Currency futures total	**3,133.3**	**3,298.8**	**3,396.2**	**(24.4)**	**30.1**	**26.5**
TOTAL INSTRUMENTS	**3,133.3**	**3,298.8**	**3,396.2**	**(24.4)**	**30.1**	**26.5**

Note 22 Transactions with related entities and parties

All material related-party transactions were entered into on an arm's length basis.

Note 23 Off-balance sheet commitments

23.1 Lease commitments

Operating lease commitments amounted to €7.1 million due in less than one year, €22.1 million due between one and five years and €4.9 million due after five years.

23.2 Other off-balance sheet commitments

Confirmed credit facilities are set out in note 18.

Other off-balance sheet commitments can be broken down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Commitments in connection with employee retirement obligations and related benefits(1)	(242.9)	(80.4)	(205.5)
Commitments to buy out non-controlling interests	15.1	12.2	11.6
Guarantees given(2)	2,011.8	1,927.1	2,002.9
Guarantees received	—	—	2.8
Capital expenditure orders and service contracts(3)	472.9	404.1	111.4
Documentary credits	—	—	—

(1) *The discount rate used in 2024 to measure commitments was 3.50% for plans providing for the payment of capital and 3.50% for annuity plans, compared with 3.25% and 3.25% respectively in 2023, and 3.75% and 3.75% in 2022. Interest rate levels resulted in a funding surplus for pension liabilities in the amount of €218.7 million at end of 2024 versus €81.2 million at end-2023.*
An agreement for the pooling of employee-related liabilities was set up in 2004. Pursuant to this agreement, commitments are allocated among the French companies in the Group and their financing is organised in proportion to their respective payroll costs (customised for each plan) so that the companies are joint and severally liable for meeting the aforementioned commitments within the limit of the collective funds built up.

(2) *This caption includes various sureties and guarantees on behalf of direct and indirect subsidiaries amounting to €1,961.6 million at 31 December 2024, versus €1,842.1 million at 31 December 2023 and €1,922.9 million at 31 December 2022. It also includes funding commitments to a philanthropic fund that supports vulnerable women, and to the L'Oréal Climate Emergency Fund.*

(3) *Including irrevocable commitments for IT contracts and energy purchases (these services will be re-billed to Group entities).*

23.3 Contingent liabilities

In the normal course of its activities, the Company is involved in legal proceedings and is subject to fiscal, customs and administrative controls. The Company sets aside a provision when a risk is found to exist and the related cost can be reliably estimated.

No exceptional event or dispute is highly likely to have a material impact on the Company's earnings, financial position, assets or operations.

Note 24 Changes in working capital

Changes in working capital can be broken down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Inventories	—	14.2	(32.3)
Accounts Receivable	187.9	(758.2)	(100.1)
Accounts Payable	15.9	177.2	197.9
TOTAL	**203.7**	**(566.8)**	**65.5**

Note 25 Changes in other financial assets

This caption mainly comprises long-term investments with the Group's cash pool.

Note 26 Net cash and cash equivalents

Cash and cash equivalents can be broken down as follows:

€ millions	31.12.2024	31.12.2023	31.12.2022
Cash and cash equivalents	290.7	337.7	616.2
Accrued interest receivable		9.4	1.8
Accrued interest payable		—	—
NET CASH AND CASH EQUIVALENTS	**290.7**	**347.1**	**618.0**

Note 27 Other information

Statutory audit fees are presented in note 16 to the consolidated financial statements.

Note 28 Subsequent events

Signing of an agreement for the sale of 2.3% of Sanofi shares

The L'Oréal Groupe announced on 3 February 2025 the signing of an agreement for the sale of approximately 29.6 million **Sanofi** shares to Sanofi at a price of €101.5 per share, i.e., a total consideration of €3 billion. Following completion of the transaction and cancellation of the shares bought back, L'Oréal will hold 7.2% of Sanofi's share capital and 13.1% of the voting rights[(1)].

The transaction, which will be carried out through an off-market block trade, is not subject to any condition precedent and should be finalized in the coming days.

Note 29 Table of subsidiaries and equity investments

DETAILED INFORMATION

	Share capital	Reserves and retained earnings before appropriation of net profit	% interest	Carrying amount of shares held		Profit or loss in last financial year	Dividends[(1)] booked during the financial year
				Gross	Net		
A. Main French subsidiaries (more than 50% interest)							
Azzaro Mugler Beauté France	78,723	945	100.00%	78,723	78,723	1,128	906
Beauté, Recherche & Industries	1,069	15,059	100.00%	9,495	9,495	9,298	3,802
Cosmétique Active International	19	13,947	88.97%	15,100	15,100	149,596	112,553
Cosmétique Active Production	186	24,834	80.13%	5,081	5,081	19,478	11,021
EpiSkin	13,609	13,060	99.92%	17,999	17,999	(169)	—
Fapagau & Cie	15	6,201	79.00%	12	12	20,653	11,009
Faproreal	11,944	5,430	100.00%	11,953	11,953	5,823	6,382
Finval	19,516	142,683	100.00%	75,677	75,677	74,410	40,258
Gemey Paris – Maybelline New York	35	8,532	99.96%	46	46	5,102	5,581
Holdial	1	1	98.00%	1	1	1,192	1,225

(1) Based on a total number of 1,263,122,721 shares outstanding and 1,413,130,110 voting rights at 31 December 2024, as published by Sanofi, it being specified that the percentage of theoretical voting rights held by L'Oréal after cancellation will be 13.0% based on the total number of 1,422,661,191 theoretical voting rights as at 31 December 2024, as published by Sanofi, in each case adjusted for the number of shares bought back and cancelled following or as a result of the transaction. Before cancellation of the shares bought back, L'Oréal's interest in Sanofi will represent 7.0% of the share capital and 12.7% of the total number of theoretical voting rights.

	Share capital	Reserves and retained earnings before appropriation of net profit	% interest	Carrying amount of shares held Gross	Carrying amount of shares held Net	Profit or loss in last financial year	Dividends[1] booked during the financial year
L & J Ré	27,500	12,785	100.00%	27,500	27,500	2,835	—
La Roche-Posay Laboratoire Dermatologique	380	4,437	99.98%	27,579	27,579	60,590	46,797
Noveal	1,958	13,025	100.00%	21,501	21,501	(1,399)	452
Nutricos Technologies	1,070	(271)	50.00%	38,125	—	(108)	—
L'Oréal France	127,919	654,741	100.00%	772,495	772,495	171,551	50,097
L'Oréal International Distribution	6,414	5,223	100.00%	11,642	11,642	35,574	9,175
L'Oréal Fund For Nature Regeneration	75,000	(5,952)	100.00%	75,000	69,100	(2,056)	—
L'Oréal Produits de Luxe International	98	—	99.85%	2,556	2,556	10,130	—
BOLD (Business Opportunities for L'Oréal Development)	178,853	100,028	100.00%	299,603	299,603	(40,565)	—
Mugler Fashion	8	789	100.00%	3,929	3,112	1,310	—
Real Campus by L'Oréal	7,205	(7,517)	100.00%	7,205	5	(1,609)	—
Sciencemd	13,005	(8,883)	100.00%	13,005	635	(3,212)	—
Soproréal	6,525	111,765	100.00%	108,384	108,384	18,661	—
LOA15	50	(7)	99.98%	50	50	(3)	—
Prestige & Collections International	78	7,465	99.81%	98,364	98,364	582,601	526,110
Magic Holdings Group Limited	37	291	100.00%	63,411	11	991	—
Sicôs & Cie	375	12,679	100.00%	1,076	1,076	12,964	9,641
Soprocos	8,250	8,428	100.00%	12,165	12,165	8,164	—
Sparlys	7,378	8,073	100.00%	18,553	18,553	5,753	—
L'Oréal Travel Retail	51,791	89,459	99.80%	90,977	90,977	202,138	153,553
B. Main French investments (less than 50% interest)							
Euroapi	95,054		5.47%	74,535	14,804		—
Sanofi[2]	2,529,600		9.32%	423,887	423,887		444,535

(1) Including profits distributed by the SNCs (general partnership), and Sociétés civiles (non trading companies), that are not tax consolidated.
(2) Listed company. At 31 December 2024, L'Oréal held 118,227,307 shares with a stock market value of €11,082,628 thousand.

	Share capital	Reserves and retained earnings before appropriation of net profit	% interest	Carrying amount of shares held Gross	Carrying amount of shares held Net	Profit or loss in last financial year	Dividends recognised during the financial year
A. Main foreign subsidiaries (more than 50% interest)[1]							
Aēsop UK Limited (United Kingdom)	—	71,665	100.00%	967,224	803,924	(20,617)	—
Beautylux International Cosmetics (Shanghai) Co. Ltd (China)	58,861	(12,559)	100.00%	16,871	4,871	238	—
Biotherm (Monaco)	152	16	99.80%	3,545	3,545	7,485	8,314
Cosmelor Ltd (Japan)	100	2,226	100.00%	35,810	27,370	1,751	7,762
Cosmephil Holdings Corporation (Philippines)	12,000	(9,069)	100.00%	400	14	—	—
Egyptelor LLC (Egypt)	50	(3,209)	99.80%	7	7	32,418	143
Elebelle (Proprietary) Ltd (South Africa)	6,705	431,723	100.00%	61,123	13,123	—	—
Erwiton SA (Uruguay)	5,359	(6,694)	100.00%	3	3	733,018	18,958
L'Oréal Israel Ltd (Israel)	22,871	50,364	92.97%	38,497	38,497	102,621	15,531
Kosmepol Sp. z.o.o. (Poland)	182,500	250,126	99.73%	48,965	48,965	33,187	5,370
L'Oréal Adria d.o.o. (Croatia)	133	3,475	100.00%	1,503	1,503	24,338	12,854

	Share capital	Reserves and retained earnings before appropriation of net profit	% interest	Carrying amount of shares held		Profit or loss in last financial year	Dividends recognised during the financial year
				Gross	Net		
L'Oréal Argentina SA (Argentina)	46,668,981	126,800,710	96.82%	183,864	61,964	24,213,879	—
L'Oréal Australia Pty Ltd	4,758	102,122	100.00%	33,867	33,867	3,043,747	—
L'Oréal Balkan d.o.o. (Serbia)	102,719	(13,851)	100.00%	1,285	1,285	370,610	4,486
L'Oréal Baltic SIA (Latvia)	370	49	100.00%	529	529	2,111	1,808
L'Oréal Bangladesh Ltd (Bangladesh)	400,544	(396,761)	100.00%	3,749	—	—	—
L'Oréal Brasil Comercial de Cosmeticos Ltda	564,090	25,738	100.00%	164,599	164,599	524,142	59,706
L'Oréal Belgilux SA (Belgium)	16,124	23,460	98.93%	77,150	77,150	11,661	17,262
L'Oréal Brasil Pesquisas e Inovacao Ltda	165,000	39,367	99.99%	45,654	45,654	4,994	—
L'Oréal Bulgaria EOOD	200	1,377	100.00%	102	102	10,584	9,439
L'Oréal Canada Inc.	6,397	166,839	100.00%	146,517	146,517	185,409	109,836
L'Oréal Central America SA (Panama)	10	(6)	100.00%	8	—	(5)	119
L'Oréal Central West Africa (Nigeria)	11,040	(7,842)	99.91%	18,106	8	—	—
L'Oréal Ceska Republika s.r.o (Czech Republic)	106,790	9,619	100.00%	4,983	4,983	1,038,064	38,904
L'Oréal Chile SA (Chile)	4,635	7,572	100.00%	43,784	43,784	39,853	26,471
L'Oréal China Co Ltd (China)	454,555	(3,587,333)	100.00%	345,733	345,733	5,225,596	667,237
L'Oréal Colombia SAS. (Colombia)	13,036	206,824	100.00%	80,419	49,419	4,046	926
L'Oréal Cosmetics Industry SAE (Egypt)	484,939	92,819	100.00%	58,363	23,363	328,544	—
L'Oréal Danmark A/S (Denmark)	2,010	245,431	100.00%	8,336	8,336	555,276	33,405
L'Oréal Deutschland G.m.b.H. (Germany)	12,647	70,280	100.00%	76,855	76,855	274,788	259,263
L'Oréal East Africa Ltd (Kenya)	497	557,132	99.98%	70,150	7,520	(775,570)	—
L'Oréal Espana SAU (Spain)	59,911	71,824	100.00%	361,454	361,454	140,136	50,276
L'Oréal Finland Oy (Finland)	673	3,156	100.00%	1,280	1,280	3,914	—
L'Oréal Guatemala SA	10,554	10,868	100.00%	2,162	2,162	1,165	2,783
L'Oréal Hellas SA (Greece)	9,736	2,351	100.00%	35,307	35,307	29,470	25,598
L'Oréal Hong Kong Ltd	30	562,684	100.00%	24,276	24,276	659,392	—
L'Oréal India Private Ltd (India)	2,969,582	(967,128)	100.00%	75,987	75,987	5,352,543	38,005
L'Oréal Italia Spa	1,680	48,864	100.00%	226,469	226,469	98,503	80,016
L'Oréal Kazakhstan Llp (Kazakhstan)	77,495	303,670	100.00%	422	422	4,260,076	4,459
L'Oréal Korea Ltd (South Korea)	3,533	130,189	100.00%	506,932	506,932	(3,327)	—
L'Oréal Liban SAL	—	(198)	100.00%	4,136	6	2,242	662
L'Oréal Magyarorszag Kosmetikai Kft (Hungary)	112,000	38,612	100.00%	787	787	1,869,837	5,030
L'Oréal Malaysia SDN BHD	23,763	53,130	100.00%	6,762	6,762	68,057	15,526
L'Oréal Mexico SA de CV (Mexico)	33,294	3,237,813	100.00%	8,443	8,443	1,634,922	89,028
L'Oréal Middle East (United Arab Emirates)	11,437	(7,086)	100.00%	54,379	53,379	55,086	84,189
L'Oréal Nederland B.V. (Netherlands)	1,178	35,047	100.00%	22,014	22,014	49,480	—
L'Oréal New Zealand Ltd (New Zealand)	86	9,592	100.00%	6,110	6,110	5,100	70
L'Oréal Norge A/S (Norway)	11,580	24,944	100.00%	4,050	4,050	59,418	17,277

	Share capital	Reserves and retained earnings before appropriation of net profit	% interest	Carrying amount of shares held Gross	Carrying amount of shares held Net	Profit or loss in last financial year	Dividends recognised during the financial year
L'Oréal Osterreich G.m.b.H. (Austria)	2,915	895	100.00%	3,818	3,818	4,461	5,234
L'Oréal Pakistan	3,356,376	(4,515,510)	100.00%	23,734	—	287,682	—
L'Oréal Panama SA	200	(3,068)	100.00%	168	168	34,588	23,487
L'Oréal Peru SA (Peru)	10,031	4,289	100.00%	3,739	3,739	46,441	8,574
L'Oréal Philippines Inc.	160,384	(107,700)	99.53%	39,107	5,117	38,611	—
L'Oréal Polska Sp. Z.O.O. (Poland)	1,887	(2,416)	100.00%	707	707	318,196	61,761
L'Oréal Portugal Unipessoal Lda	495	547	100.00%	6,459	6,459	6,070	7,991
L'Oréal Romania SRL (Romania)	2,693	6,106	100.00%	974	974	144,360	21,041
L'Oréal Saudi Arabia	31,370	39,999	78.16%	12,999	12,999	27,785	4,476
L'Oréal Singapore Pte Ltd (Singapore)	9,287,794	(385,014)	100.00%	6,394,939	4,656,039	(3,150,271)	(5,375)
L'Oréal Suisse SA	492	13,338	100.00%	160,311	145,311	10,313	210,157
L'Oréal Sverige AB (Sweden)	18,500	25,577	100.00%	2,247	2,247	150,012	43,346
L'Oréal Taiwan Co. Ltd (Taiwan Region)	8,000	12,964	100.00%	17,881	17,881	843,504	25,711
L'Oréal Thailand Ltd	200,000	29,753	100.00%	5,238	5,238	1,247,566	19,916
L'Oréal Turkiye Kozmetik Sanayi Ve Ticaret Anonim Sirketi	1,393,552	(620,623)	100.00%	55,093	14,243	1,340,916	15,510
L'Oréal UAE General Trading LLC (United Arab Emirates)	92,113	46,196	100.00%	34,523	34,523	31,430	7,618
L'Oréal UK Ltd (United Kingdom)	101,533	(66,561)	100.00%	145,573	145,573	185,168	194,650
L'Oréal Ukraine	27,067	1,499,738	100.00%	2,990	—	750,223	—
L'Oréal Uruguay SA	16,294	123,904	100.00%	2,718	2,718	187,633	—
L'Oréal USA Inc.[2]	730,562	4,119,169	100.00%	4,851,879	4,851,879	1,263,530	1,170,388
L'Oréal Vietnam Co. Ltd	356,565	(52,510)	100.00%	13,646	13,646	505,080	12,204
Masrelor LLC (Egypt)	144,277	15,606	100.00%	17,573	17,573	(13,961)	1,338
Nihon L'Oréal KK (Japan)	100	16,867	100.00%	351,504	351,504	4,552	—
L'Oréal Travel Retail Americas Inc. (USA)	51	(381)	100.00%	100,317	100,317	29,710	24,439
Procosa Productos de Beleza Ltda (Brazil)	511,443	1,241	100.00%	223,938	103,138	82,313	3,991
P.T. L'Oréal Indonesia	16,050	22,926	99.00%	2,305	2,305	79,647	5,425
P.T. Yasulor Indonesia	822,754	403,310	99.99%	110,022	79,022	52,416	2,493
Scental Limited (Hong Kong SAR)	50	1,714	100.00%	8	8	—	—
B. Main non-French investments (less than 50% interest)							
LIPP Distribution (Tunisia)	21,471	38,868	49.00%	9,009	9,009	11,009	1,382
L'Oréal South Africa Holdings (South Africa)	688	188,332	36.00%	9,590	9,590	118,124	—
Galderma Group AG (Switzerland)	2,055,606		10.00%	1,798,506	1,798,506		—

(1) *For non-French subsidiaries and investments, the capital, reserves and retained earnings have been translated into thousands of euros on the basis of year-end exchange rates, while profits and losses have been translated at average rate.*
It is specified that the list above is not exclusive.

(2) *Data from the L'Oréal USA Inc. sub-consolidation group*

GLOBAL INFORMATION RELATING TO SUBSIDIARIES AND INVESTMENTS

	Subsidiaries		Other investments	
	French	Foreign	French	Foreign
Book value of shares held:				
• Gross (after revaluation)	1,907,223	16,466,102	510,885	1,817,105
• Net	1,779,410	13,946,474	451,155	1,817,105
Amount of loans and advances granted	5,000,000	3,200		
Amount of guarantees and security granted	3,908	1,955,740		
Amount of dividends booked	988,593	3,575,089	445,226	1,382

6.6 Other information relating to the financial statements of L'Oréal S.A.

6.6.1 Expenses and charges falling under Article 223 *quater* of the French Tax Code

The total amount of expenses and charges falling under Article 223 *quater* of the French Tax Code ("sumptuary expenses") and the amount of tax applicable to such expenses and charges are as follows:

Expenses and charges	€2.1 million
Corresponding tax	€0.5 million

6.6.2 Past due invoices issued and received but not paid at the closing date

In accordance with the French law on the Modernisation of the Economy of 4 August 2008 and Articles L. 441-14 and D. 441-6 of the French Commercial Code, past due invoices issued and received but not paid at 31 December 2023 are broken down as follows:

	Article D. 441-6 I.-1°: Past due invoices received but not paid at the closing date						Article D. 441-6 I.-2°: Past due invoices issued but not paid at the closing date					
	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days or more	Total (1 day or more)[1]	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days or more	Total (1 day or more)
A. Late payment tranches												
Number of invoices concerned	7					838	126					9,826
Total amount of invoices concerned, including taxes[2]	(3,710,703)	(1,271,579)	554,632	252,831	797,380	333,264	(10,010,231)	60,952,910	22,292,082	(2,179,518)	7,697,252	88,762,726
Percentage of total amount of purchases (including taxes) for the financial year[2]	-0.09%	-0.03%	0.01%	0.01%	0.02%	0.01%						
Percentage of sales (including tax) for the financial year[2]							-0.18%	1.09%	0.40%	-0.04%	0.14%	1.41%
B. Invoices excluded from A. because of disputed or unrecognised payables and receivables												
Number of invoices excluded						444						9
Total amount of invoices excluded						8,606,396						198,178
C. Benchmark payment terms used (contractual or statutory term, Article L. 441-6 or L. 443-1 of the French Commercial Code)												
Benchmark payment terms used to calculate late payments	Contractual payment terms: 45 days from end of month Statutory payment terms: 45 days from end of month											

(1) Including amount of invoices due to L'Oréal Groupe companies (intra-group): €6,123,776 for invoices received; €78,883,989 for invoices issued, i.e., 100.00% of the total amount.

(2) The negative amounts and percentages in the table below correspond to credit notes received by the Company.

6.6.3 Sales (excluding taxes)

€ millions **Sales**	**2024**	**2023**	**% change**
1st quarter	1,201.8	1,823.1	-34.08%
2nd quarter	1,249.8	1,821.3	-31.38%
3rd quarter	1,172.4	1,118.8	+4.79%
4th quarter	1,239.5	1,219.5	+1.64%
TOTAL	**4,863.4**	**5,982.7**	**-18.71%**

Sales includes sales of goods net of any rebates and discounts granted, along with services provided and technology royalties. The fall in net sales is mainly due to partial contributions of assets carried out on 1 July 2023.

6.7 Five-year financial summary

L'ORÉAL (EXCLUDING SUBSIDIARIES)

€ millions (except for earnings per share, shown in €)	2020	2021	2022	2023	2024
I. Financial situation at financial year-end					
a) Share capital	112.0	111.5	107.0	106.9	106.9
b) Number of shares	559,871,580	557,672,360	535,186,562	534,725,475	534,312,021[1]
c) Number of convertible bonds	-	-	-	-	-
II. Overall results of operations					
a) Net pre-tax sales	4,837.8	5,255.4	6,282.0	5,982.7	4,863.4
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment activities and profit-sharing reserve)	4,570.7	4,174.1	12,579.2	6,058.7	5,874.8
c) Income tax	(22.8)	(1.7)	(250.4)	(164.1)	(115.2)
d) Net profit	4,158.8	3,860.5	12,343.1	3,826.3	5,678.0
e) Amount of distributed profits	2,264.4	2,596.7	3,248.4	3,564.0	3,779.2[2]
III. Results of operations per share					
a) Profit after tax and profit-sharing, but before charges to depreciation, amortisation and provisions	8.07	7.43	22.98	10.95	10.70
b) Net profit	7.43	6.92	23.06	7.16	10.63
c) Dividend paid on each share (not including tax credit)	4.00	4.80	6.00	6.60	7.00[2]
IV. Personnel					
a) Number of employees	8,900	9,134	9,543	8,219	6,474
b) Total salaries	804.6	860.9	945.8	879.3	778.3
c) Amount paid for welfare benefits (social security, provident schemes, etc.)	408.6	415.8	430.5	428.4	376.6

(1) The share capital comprises 534,312,021 shares with a par value of €0.2, following the issue of 230,423 shares under the employee shareholding plan, the delivery of the 2020 ACAs plan representing 660,885 shares, the early exercise of 3,795 shares related to the 2021 and 2022 ACAs plans, and the cancellation of 1,308,557 shares.

(2) The dividend will be proposed to the Annual General Meeting of 29 April 2025.

6.8 Equity investments (main changes and threshold crossings)

EQUITY INVESTMENTS

(Main changes and threshold crossings of more than 5%)

€ millions	31 December 2023 (including revaluation)		Acquisitions	Subscriptions	Others	31 December 2024	
Heading	**Amount**	**%**	**Amount**	**Amount**	**Amount**	**Amount**	**%**
Atelier Cologne	—	—	26.5		(26.5)[1]	—	—
Atelier Cologne (Luxembourg)	88.9	100.0			(88.9)[2]	—	—
Beautycos International Co. Ltd	46.2	73.5			(46.2)[2]	—	—
Canan Cozmetik Sanayi Ve Ticaret AS	30.3	100.0			(30.3)[2]	—	—
Galderma Group AG	—	—	1,798.5			1,798.5	10.0
L'Oréal Korea Ltd	20.8	100.0			486.1[3]	506.9	100.0
L'Oréal Produits de Luxe International	73.8	99.9		19.7	(90.9)[4]	2.6	99.9
L'Oréal South Africa Ltd	—	—	9.6			9.6	36.0
L'Oréal Travel Retail	—	—			90.9[4]	90.9	99.8
L'Oréal West Africa	25.3	100.0			(25.3)[2]	—	—
Nanda Co.Ltd	486.1	100.0			(486.1)[3]	—	—
Soprocos	11.9	100.0		3.1	(2.8)[4]	12.2	100.0
Soproréal	0.1	100.0			108.3[1][4]	108.4	100.0
Thermes de Saint Gervais Les Bains Le Fayet	22.9	100.0			(22.9)[2]	—	—

(1) Universal/partial asset transfers
(2) Disposal/liquidation.
(3) Merger between subsidiaries.
(4) Further to partial asset transfer.

6.9 Statutory Auditors' Report on the financial statements

Year ended December 31, 2024

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or the verification of the management report and the other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

L'Oréal

Year ended December 31, 2024

To the Annual General Meeting of L'Oréal,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of L'Oréal for the year ended December 31, 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1, 2024 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments and intangible assets (excluding software and assets in progress)

See Notes "1.6 - Accounting principles - Intangible assets", "1.8.1 – Investments", "11 - Intangible assets", "13 - Financial fixed assets" and "29 - List of subsidiaries and investments" to the financial statements

Risk identified	Our response
As at December 31, 2024, investments and intangible assets (excluding software and assets in progress) were recorded in the balance sheet for a net book value of € 18.3 billion and € 3.7 billion, respectively, i.e. 74% of the balance sheet total. They were recorded at their date of entry at acquisition cost. An impairment loss is recognized if their value in use falls below their net book value. As described in Notes 1.6 and 1.8 to the financial statements, their value is examined annually by reference to their value in use, which takes into account: • for investments: the current and projected profitability of the concerned holding and the share of equity held; • for intangible assets: discounted future cash flows. Estimating the value in use of these assets requires Management's judgment in determining future cash flow projections and key assumptions used. Given the weight of investments and intangible assets in the balance sheet and the uncertainties inherent in certain items, including the realization of forecasts used in the valuation of the value in use, we considered the valuation of these assets to be a key audit matter with a risk of material misstatements.	We examined the methodology employed by Management to estimate the value in use of investments and intangible assets (excluding software and assets in progress). Our audit work mainly focused on examining, on the basis of the information provided to us, that the estimated values determined by Management were based on an appropriate valuation method, and in assessing the quality of these estimates by considering the data, assumptions and calculations used. We focused our work primarily on investments and intangible assets with a value in use close to their net book value. We assessed the appropriateness of the key estimates, and more specifically: • the consistency of revenue projections and the margin rate, compared to past performance and to the economic and financial context; • the corroboration of the growth rates used with the performance analyses of the global cosmetics market, taking into account the specificities of the local markets and of the distribution channels in which the Company operates; • the discount rates applied to future cash flows by comparing their parameters with external references, by including valuation experts into our team.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Information relating to Corporate Governance

We attest that the section of the Board of Directors' management report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of L'Oréal by your annual general meeting of April 29, 2004 for DELOITTE & ASSOCIES and of April 21, 2022 for ERNST & YOUNG Audit.

As at December 31, 2024, DELOITTE & ASSOCIES was in the twenty-first year of total uninterrupted engagement and ERNST & YOUNG Audit in the third year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2025

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES
David Dupont-Noel

ERNST & YOUNG Audit
Céline Eydieu-Boutté

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AFR *This information is an integral part of the Annual Financial Report.*

L'Oréal is a French société anonyme (limited company) listed in Paris.

This chapter sets out the information relating to the Company, its share capital and the main details of its legal form and its Articles of Association.

Information about the L'Oréal share and changes therein is also provided in this chapter.

7.1 Information relating to the Company

7.1.1 General information about the Company

L'Oréal is a French limited company (société anonyme) governed by French law. It is registered in the Paris Trade and Companies Register under number 632 012 100.

The Company's term shall be ninety-nine years, which began to run on 1 January 1963 and which shall therefore expire on 31 December 2061, except in the event of early dissolution or of extension (Article 5 of the Articles of Association). Each fiscal year shall have a duration of 12 months, beginning on 1 January and ending on 31 December of each year (Article 14 of the Articles of Association).

LEI (Legal Entity Identifier) Code: 529900JI1GG6F7RKVI53.

7.1.2 Corporate purpose (excerpts from Article 2 of the Articles of Association)

The Company's corporate purpose, both in France and/or at any other location anywhere throughout the entire world, includes:

- the manufacturing and the sale of cosmetic products in general; of all devices intended for the same uses as the products listed above; of all household maintenance products; of all products and articles relating to feminine and/or child hygiene and to the embellishment of human beings; the demonstration and advertising of such products; the manufacturing of packaging articles;
- the filing and the acquisition of all patents, licences, processes and manufacturing trademarks, their exploitation, assignment and/or contribution;
- all diversification transactions and all commercial, industrial, financial, movable property and/or real property transactions, made in the Company's interest, under any form whatsoever;
- the direct or indirect involvement in all transactions such as those listed above, in particular by means of the creation of companies, the contribution to pre-existing companies, merger or alliance with such companies.

7.1.3 General Management (Article 11 of the Articles of Association)

1. "In accordance with legal provisions, the General Management of the Company is assumed, under its responsibility, either by the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

   The choice between these two modes of exercising General Management is made by the Board of Directors each time a Chairman of the Board of Directors or a Chief Executive Officer is appointed or has his tenure renewed. The Board of Directors must inform shareholders and third parties of this choice in accordance with the statutory provisions.

   The choice of the Board of Directors concerning the mode of exercise of the General Management is made on the basis of a majority vote of the directors present or represented.

   Changing the mode of exercise of the General Management does not involve a modification of the Articles of Association.

   The Chief Executive Officer must leave office no later than the end of the Ordinary Annual General Meeting that follows his 65th birthday.
2. Depending on the choice made by the Board of Directors in accordance with the provisions of §1 above, the General Management is carried out either by the Chairman, or by a natural person, appointed by the Board of Directors and bearing the title of Chief Executive Officer.
3. The Chief Executive Officer is granted the most extensive powers to act in any circumstance on behalf of the Company. He exercises these powers within the limitations of the object of the Company, and subject to the powers expressly granted by law to Shareholders' Meetings.

   The Chief Executive Officer represents the Company in its relations with third parties. The Company is bound even by actions of the Chief Executive Officer which are outside the object of the Company, unless the Company can prove that the third party was aware that the action was outside the object of the Company, or that the third party could not be unaware of this in view of the circumstances, it being stated however that the mere publication of the Articles of Association does not constitute such proof.

4. On the proposal of the Chief Executive Officer, whether this office is assumed by the Chairman of the Board of Directors or by another person, the Board of Directors may appoint one or more natural persons in charge of assisting the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

   In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to the Deputy Chief Executive Officers."

7.1.4 Annual General Meeting

Annual General Meetings are governed by all the legal provisions and regulations laid down in this connection. It is specified that, in accordance with Article 12 of the Company's Articles of Association, if the Board of Directors so decides when the General Meeting is called, any shareholder may take part in the meeting by videoconference or by any other telecommunication or remote transmission means including the Internet, under the conditions stipulated by the Board within the applicable regulations at the time it is used. If this decision is taken, it is communicated in the meeting notice published in the Bulletin des Annonces Légales Obligatoires (BALO), the French legal gazette.

Since the Annual General Meeting of 29 April 2004, double voting rights have been eliminated. Applying the provisions of French law No. 2014-384 of 29 March 2014, the Annual General Meeting of 22 April 2015 confirmed that each share entitles the holder to only one vote at General Meetings.

7.1.5 Statutory distribution of profits (Article 15 of the Articles of Association)

"**A.** From the distributable profits, the following amounts shall be withheld, in the following order:

1. The amount required to pay the "primary dividend" to the shareholders equal to five percent (5%) of the amounts paid up on the unredeemed securities in accordance with calls for funds, provided however that (where the profits for a given year do not allow such dividend to be paid) the shareholders shall not be entitled to claim such dividend from out of the profits of subsequent years.
2. From the available remainder, the Ordinary General Meeting, upon a proposal by the Board of Directors, shall have the authority to resolve to withhold the amounts that it deems appropriate (and even the entire amount of such available remainder), either to be carried forward to the next fiscal year, or to be paid into a "prudential fund" or into one or more ordinary, extraordinary or special reserve funds. Such reserve fund(s), which shall not bear any interest, may be distributed to the shareholders, or allocated to complete the 5% primary dividend for the shareholders, in the event of insufficient results during one or more fiscal years, or to acquire and to cancel treasury shares, or to redeem in whole or in part such shares.
3. The remaining balance (if any) shall be divided up among all the shareholders, without any discrimination, and each share shall entitle its holder to receive the same income.

   However, any shareholder who can prove at the end of a financial year, that shares have been registered in his name for at least two years and that they continue to be registered in his name at the date of payment of the dividend paid for such financial year, will be entitled to a preferential dividend on the shares that are thus registered, equal to 10% of the dividend (initial dividend and additional dividend) paid on the other shares, including in the event of payment of the dividend in new shares, the preferential dividend thus paid being rounded down to the nearest lower cent, if necessary.

   Similarly, any shareholder who can prove, at the end of a financial year, that shares have been registered in his name for at least two years and that they continue to be registered in his name at the date of completion of an increase in capital carried out through capitalisation of reserves, profits or share premiums by the distribution of free shares, shall be entitled to an increase in the number of free shares to be distributed to him, equal to 10%, this number being rounded down to the nearest lower unit in the event of fractional share rights.

   The new shares created in this manner will be identical, for the purposes of calculating the rights to the preferential dividend and to the increased share allocations, to the old shares from which they result.

   The number of shares eligible for these preferential dividends may not exceed 0.5% of the share capital at the closing date of the past financial year, for the same shareholder.

B. The losses (if any) shall be charged to the retained earnings from preceding fiscal years or to the reserve funds, and the balance shall be booked into a special "carry forward" account."

7.1.6 Statutory share capital ownership thresholds (extracts from Article 7 of the Articles of Association)

"Any person, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares or voting rights representing a fraction of the share capital or voting rights, taking into account equivalent securities under the meaning of Article L. 233-9 of the French Commercial Code, equal to 1% or a multiple of this percentage, and lower than 5%, must inform the Company of the total number of shares, voting rights and securities giving access to the share capital that it holds, as well as of equivalent securities under the meaning of Article L. 233-9 of the French Commercial Code, within a period of five trading days, from the date of the threshold crossing, pursuant to the notification and content conditions stipulated by the legal and regulatory provisions applicable to declarations of legal threshold crossings, and, notably by declaring the information that must be provided when a legal threshold is crossed to the French Financial Markets Authority (AMF), in accordance with its General Regulations. Such notice must also be given to the Company when a shareholder's ownership falls below one of the thresholds set forth above." This provision of the Articles of Association supplements the legal requirements covering disclosures concerning the crossing, upwards or downwards, of thresholds relating to one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, three-tenths, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of share capital or of voting rights.

"If not disclosed in accordance with the conditions stipulated by law or by the Articles of Association, the shares of the offending shareholder exceeding the fraction which should have been disclosed are deprived of voting rights, in accordance with the conditions stipulated in the French Commercial Code, if during a General Meeting the failure to disclose is noted and if one or more shareholders together holding at least 5% of the share capital so request during said meeting."

7.1.7 Consultation of documents relating to the Company

The Company's Articles of Association are available in full at www.loreal-finance.com.

The Articles of Association, financial statements, reports and information for shareholders can be consulted, in the conditions provided for by law, during business hours preferably by appointment, at 41, rue Martre, 92117 Clichy Cedex, France. See also the corporate website at www.loreal-finance.com (not incorporated by reference in the Universal Registration Document).

7.2 Information concerning the share capital AFR

7.2.1 Statutory requirements governing changes in the share capital and shareholders' rights

None.

7.2.2 Issued share capital and authorised unissued share capital

The share capital amounted to €106,862,404.20 at 31 December 2024. It was divided into 534,312,021 shares with a par value of €0.20 each, all of the same class and with the same dividend rights.

The following table summarises the currently valid authorisations granted to the Board of Directors by the Annual General Meeting[(1)] concerning the capital. It shows the use made of such authorisations over the financial year and presents the authorisations that are to be put to the vote at the Annual General Meeting on 29 April 2025.

(1) In application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code.

	Authorisations in force				Authorisations proposed to the Annual General Meeting of 29 April 2025		
	Date of the Annual General Meeting (resolution number)	Duration (date of expiry)	Maximum authorised amount	Use of the authorisation in 2024	Resolution No.	Duration	Maximum ceiling
Share capital increases							
Capital increase through the issue of shares with maintenance of preferential subscription rights	21 April 2023 (14th)	26 months (20 June 2025)	Increase the share capital to €149,852,237.36(1)	None	18	26 months (28 June 2027)	Increase the share capital to €149,607,365.58(1)
Capital increase via the capitalisation of premiums, reserves, profits or other amounts	21 April 2023 (15th)	26 months (20 June 2025)	Increase the share capital to €149,852,237.36(1)	None	19	26 months (28 June 2027)	Increase the share capital to €149,607,365.58(1)
Capital increase reserved for L'Oréal employees participating in the Company Savings Plan (PEE)	23 April 2024 (20th)	26 months (22 June 2026)	1% of the share capital on the date of the Annual General Meeting (i.e., as an indication, 5,347,254 shares at 31 December 2023)(2)	118,543	21	26 months (28 June 2027)	1% of the share capital on the date of the Annual General Meeting (i.e., as an indication, 5,343,120 shares at 31 December 2024)(2)
Capital increase reserved for employees of foreign subsidiaries	23 April 2024 (21st)	18 months (22 October 2025)	1% of the share capital on the date of the Annual General Meeting (i.e., as an indication, 5,347,254 shares at 31 December 2023)(2)	111,880	22	18 months (28 October 2026)	1% of the share capital on the date of the Annual General Meeting (i.e., as an indication, 5,343,120 shares at 31 December 2024)(2)
Share capital increase in order to remunerate the contributions in kind of equity securities or securities giving access to the share capital of third party companies	21 April 2023 (16th)	26 months (20 June 2025)	2% of the share capital on the date of the decision to increase the share capital (i.e., as an indication, 10,703,731 shares at 31 December 2022)	None	20	26 months (28 June 2027)	2% of the share capital on the date of the decision to increase the share capital (i.e., as an indication, 10,686,240 shares at 31 December 2024)
Buyback by the Company of its own shares							
Buyback by the Company of its own shares	23 April 2024 (17th)	18 months (22 October 2025)	10% of the share capital on the date of the buybacks (i.e., as an indication, 53,472,547 shares at 31 December 2023)	1,308,557	17	18 months (28 October 2026)	10% of the share capital on the date of the buybacks (i.e., as in indication, 53,431,202 shares at 31 December 2024)
Reduction in the share capital via cancellation of shares							
Cancellation of shares purchased by the Company under Article L. 22-10-62 of the French Commercial Code	23 April 2024 (18th)	26 months (22 June 2026)	10% of the share capital on the date of the buybacks (i.e., as in indication, 53,472,547 shares at 31 December 2023)	1,308,557			
Free grants of shares							
Grant of existing free shares or shares to be issued to the employees	23 April 2024 (19th)	26 months (22 June 2026)	0.6% of the share capital on the grant decision date (i.e., as an indication, 3,208,352 shares at 31 December 2023)	658,785			

(1) Total ceiling on capital increases, for all authorisations combined. It corresponds to maximum increases of 40% of the capital.
(2) The cumulative amount of increases in share capital that may be carried out pursuant to the 21st and 22nd resolutions submitted for a vote of the Annual General Meeting on 29 April 2025 may not exceed the total amount of 1% of the share capital, which constitutes a ceiling that applies jointly to these two resolutions, a ceiling that was also common to the 20th and 21st resolutions adopted by the Annual General Meeting of 23 April 2024.

Since 22 June 2013, the Board of Directors no longer has authority to grant stock options to purchase or subscribe to shares.

On 31 December 2024, no subscription options had been granted or exercised as the most recent L'Oréal stock options plan expired in 2021 (see section 7.4.2.). Furthermore, 2,590,330 conditional shares had been granted to Group employees subject to performance conditions not yet met. These 2,590,330 shares will be issued when necessary and, where applicable, by capitalisation of reserves. The Company's potential share capital would amount to €107,380,470.20, divided into 536,902,351 shares with a par value of €0.20.

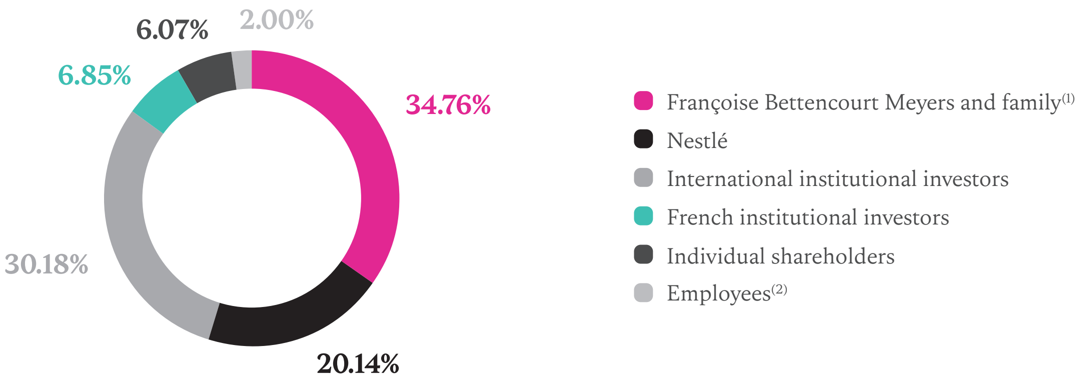
The Company has not issued any securities that grant indirect access to the share capital.

7.2.3 Changes in share capital over the last five years

Date	Nature of transaction	Amount of the change in share capital	Share premiums	Amount of share capital on completion of the transaction	Number of shares created or cancelled	Number of shares after the transaction
31.12.2019				€111,623,441.00		
01.01.2020 to 21.04.2020	Exercise of share subscription options	€65,159.60	€26,407,167.34	€111,688,600.60	325,798	558,443,003
21.04.2020	Employee shareholding plans	€1.60		€111,688,602.20	8	558,443,011
21.04.2020	Conditional grant of shares	€167,120		€111,855,722.20	835,600	559,278,611
22.04.2020 to 03.11.2020	Exercise of share subscription options	€24,999.60	€10,338,492.22	€111,880,721.80	124,998	559,403,609
03.11.2020	Employee shareholding plans	€90,593.40	€93,227,093.25	€111,971,315.20	452,967	559,856,576
03.11.2020 to 21.12.2020	Exercise of share subscription options	€3,000	€1,244,850.00	€111,974,315.20	15,000	559,871,576
21.12.2020 to 31.12.2020	Employee shareholding plans	€0.80		€111,974,316.00	4	559,871,580
01.01.2021 to 13.01.2021	Exercise of share subscription options	€40.00	€16,598.00	€111,974,356.00	200	559,871,780
14.01.2021 to 21.02.2021	Conditional grant of shares	€30.00		€111,974,386.00	150	559,871,930
22.02.2021 to 28.02.2021	Exercise of share subscription options	€94.00	€39,005.30	€111,974,480.00	470	559,872,400
01.03.2021 to 03.03.2021	Employee shareholding plans	€2.40		€111,974,482.40	12	559,872,412
04.03.2021 to 20.04.2021	Exercise of share subscription options	€10,345.40	€4,292,823.73	€111,984,827.80	51,727	559,924,139
21.04.2021	Conditional grant of shares	€148,455.20		€112,133,283.00	742,276	560,666,415
22.04.2021 to 29.07.2021	Employee shareholding plans	€1,066.60	€1,472,489.34	€112,134,349.60	5,333	560,671,748
30.07.2021	Cancellation of shares	€(600,000.00)		€111,534,349.60	(3,000,000)	557,671,748
31.07.2021 to 12.09.2021	Employee shareholding plans	€1.60		€111,534,351.20	8	557,671,756
13.09.2021 to 17.11.2021	Conditional grant of shares	€120.00		€111,534,471.20	600	557,672,356
18.11.2021 to 31.12.2021	Employee shareholding plans	€0.80		€111,534,472.00	4	557,672,360
01.01.2022 to 09.02.2022	Employee shareholding plans	€2.40		€111,534,474.40	12	557,672,372
10.02.2022	Cancellation of shares	€(4,452,000)		€107,082,474.40	(22,260,000)	535,412,372
11.02.2022 to 18.04.2022	Employee shareholding plans	€2.40		€107,082,476.80	12	535,412,384
19.04.2022	Conditional grant of shares	€173,645		€107,256,121.80	868,225	536,280,609
26.07.2022	Employee shareholding plans	€89,653.40	€104,667,182.00	€107,345,775.20	448,267	536,728,876
27.07.2022 to 19.10.2022	Employee shareholding plans	€2.60		€107,345,777.80	13	536,728,889
20.10.2022 to 13.11.2022	Conditional grant of shares	€108.00		€107,345,885.80	540	536,729,429
14.11.2022 to 30.11.2022	Employee shareholding plans	€0.80		€107,345,886.60	4	536,729,433
01.12.2022 to 31.12.2022	Cancellation of shares	€(308,574.20)		€107,037,312.40	(1,542,871)	535,186,562
01.01.2023 to 19.04.2023	Conditional grant of shares	€155,305.00		€107,192,617.40	776,525	535,963,087
20.04.2023 to 24.07.2023	Employee shareholding plans	€5,875.40		€107,198,492.80	29,377	535,992,464
25.07.2023 to 09.10.2023	Employee shareholding plans	€928.60	€1,505,724.90	€107,199,421.40	4,643	535,997,107
10.10.2023 to 31.12.2023	Cancellation of shares	€(254,326.40)		€106,945,095.00	(1,271,632)	534,725,475
01.01.2024 to 31.07.2024	Employee shareholding plans	€46,084.60	€71,573,294.90	€106,991,179.60	230,423	534,955,898
01.08.2024 to 09.08.2024	Conditional grant of shares	€1,164.00		€106,992,343.60	5,820	534,961,718
10.08.2024 to 11.10.2024	Cancellation of shares	€(261,711.40)		€106,730,632.20	(1,308,557)	533,653,161
12.10.2024 to 15.10.2024	Conditional grant of shares	€131,757.00		€106,862,389.20	658,785	534,311,946
16.10.2024 to 31.12.2024	Conditional grant of shares	€15.00		€106,862,404.20	75	534,312,021

7.3 Ownership structure AFR

STRUCTURE OF SHARE OWNERSHIP AS AT 31 DECEMBER 2024



(1) Consisting of Françoise Bettencourt Meyers, Jean-Pierre Meyers, Jean-Victor Meyers and Nicolas Meyers, in addition to the companies Téthys SAS and Financière L'Arcouest SAS.
(2) With regard to employees and former employees of L'Oréal, the percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code. Of which 1.05% of the share capital as part of the L'Oréal Employee Savings Plan and employee investment funds as defined by Article L. 225-102 of the French Commercial Code.

7.3.1 Legal entities or individuals acting in concert to the Company's knowledge

The Bettencourt Meyers family consists of Françoise Bettencourt Meyers, Jean-Pierre Meyers, Jean-Victor Meyers and Nicolas Meyers, along with the companies Téthys SAS and Financière L'Arcouest SAS.

As a reminder, following the expiry of the agreement concluded in 2004 between the Bettencourt Meyers family on the one hand and Nestlé SA on the other, these two shareholders have not acted in concert since 21 March 2018.

7.3.2 Changes in allocation of the share capital and voting rights over the last three years

Over the last three years, the allocation of the share capital and the voting rights has changed as follows:

	31.12.2024			31.12.2023			31.12.2022		
	Number of shares	% of capital	% of voting rights(4)	Number of shares	% of capital	% of voting rights(3)	Number of shares	% of capital	% of voting rights(3)
Françoise Bettencourt Meyers and her family(1)	185,715,079	34.76	34.76(2)	185,715,079	34.73	34.73	185,715,079	34.70	34.70
Nestlé SA	107,621,021	20.14	20.14	107,621,021	20.13	20.13	107,621,021	20.11	20.11
Employees(3)	10,693,845	2.00	2.00	10,124,011	1.89	1.89	9,969,402	1.86	1.86
Public	230,282,076	43.10	43.10	231,265,364	43.25	43.25	231,881,060	43.33	43.33
Treasury shares	0	0	0	0	0	0	0	0	0
TOTAL	**534,312,021**	**100**	**100**	**534,725,475**	**100**	**100**	**535,186,562**	**100**	**100**

(1) *Including, at 31 December 2024, 152,514,292 L'Oréal shares held in absolute ownership by Téthys SAS, a company controlled by Françoise Bettencourt Meyers and her family, 27,650,000 L'Oréal shares held in absolute ownership by Financière L'Arcouest SAS, also controlled by Françoise Bettencourt Meyers and her family, 5,532,455 shares held in absolute ownership by Françoise Bettencourt Meyers, 15,332 shares held in absolute ownership by Jean-Pierre Meyers, 1,500 shares held in absolute ownership by Jean-Victor Meyers and 1,500 shares held in absolute ownership by Nicolas Meyers.*
(2) *On 8 December 2021, the French Financial Markets Authority (French Financial Markets Authority – AMF) granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares (AMF decision no. 221C3388). Accordingly, the Bettencourt Meyers family has undertaken, for a period expiring at the end of the Annual General Meeting of L'Oréal called in 2025 to approve the financial statements for the financial year ending 31 December 2024, in particular to refrain from exercising the proportion of voting rights in excess of 33.33% of L'Oréal's voting rights. Within the context of Françoise Bettencourt Meyers' transfer on 29 December 2023 of 27,650,000 L'Oréal shares to the company Financière L'Arcouest SAS, on 12 December 2023, the AMF granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares (AMF decision no. 223C2036) following this internal reclassification within the Bettencourt Meyers family group.*
(3) *Concerns current and former employees of L'Oréal. Pursuant to law no. 2015-990 of 6 August 2015, the percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code. Of which 1.05% of the share capital in the L'Oréal Employee Savings Plan (PEE) as defined by Article L. 225-102 of the French Commercial Code.*
(4) *Calculated in accordance with Article 223-11 of the General Regulations of the AMF.*

At 31 December 2024, the Company did not hold any of its own shares. The number of shares held by each member of the Board of Directors is detailed in section 2.2.2.

The Company is authorised to trade in its own shares on or off the Stock Exchange in accordance with Articles L. 22-10-62 *et seq.* and L. 225-210 to L. 225-217 of the French Commercial Code, within the limits and in accordance with the purposes defined by the authorisations granted to it by the Annual General Meeting.

7.3.3 Employee share ownership

The employees and former employees of L'Oréal and its affiliates held 10,693,845 shares at 31 December 2024 representing 2.00%[(1)] of the share capital, 1.05% of which is held in the employee savings scheme and the employee investment fund. At that date, within the meaning of Article L. 225-102 of the French Commercial Code, this stake in the share capital was held by 29,634 employees in the employee investment fund, of which 14,752 participating in the employee savings scheme.

L'Oréal set up its first worldwide employee shareholding plan in 2018. Further to the 2018, 2020 and 2022 plans, and as announced at the time of the launch of the 2024 plan, L'Oréal is now aiming to issue a new plan every year. In 2024, the employee shareholding plan was rolled out in 63 countries, with a preferential discount (20%) and matching contributions (up to 3 free shares). The plan was once again very successful, with a subscription rate of some 36%, a similar high level[(2)] to the previous plans.

7.3.4 Disclosures to the Company of legal thresholds crossed and declarations of intent addressed to the Company during the financial year

None.

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

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

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

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

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

Commitments of the Bettencourt Meyers family associated with their waiver granted in 2021 by the AMF from the obligation to file a draft public offer for the L'Oréal shares[(3)]

Following the 2021 repurchase by L'Oréal of 4% of its own shares held by Nestlé, and the consequent cancellation in February 2022 of the 22,260,000 shares thus repurchased by L'Oréal, the Bettencourt Meyers family exceeded the thresholds of one third of the Company's share capital and voting rights. The AMF granted the Bettencourt Meyers family a waiver from the obligation to file a draft public offer for the L'Oréal shares. Accordingly, the Bettencourt Meyers family has undertaken[(4)], for a period expiring at the end of the Annual General Meeting of L'Oréal called in 2025 to approve the financial statements for the financial year ending 31 December 2024:

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

(1) Concerns current and former employees of L'Oréal. With regard to employees and former employees of L'Oréal. The percentage also includes the performance shares granted in accordance with Article L. 225-197-1 of the French Commercial Code.

(2) 2024 survey on employee share ownership by the French Federation of Employee Shareholder Associations and Former Employees – FAS. The survey includes entities in France that practice employee share ownership and performs a recurring analysis between these same entities.

(3) AMF Decision No. 221C3388.

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

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

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

7.3.6 Buybacks and cancellations by the Company of its own shares

During the 2024 financial year, the Company redeemed 1,308,557 of its own shares, in accordance with the authorisation approved by the Annual General Meeting of 23 April 2024.

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

Date of authorisation of the Annual General Meeting	17th resolution of 23 April 2024
Authorisation expiry date	20 October 2025
Maximum amount of authorised buybacks	10% of the share capital on the date of the buybacks (i.e., as an indication, 53,472,547 shares at 31 December 2023)
Maximum purchase price per share (excluding costs)	€700
Authorised purposes	Cancellation Employee shareholding Free grants of shares Liquidity and market stabilisation External growth, merger, demerger or contribution
Board of Directors' meeting that decided on the buybacks	30 July 2024
Purpose of buybacks	Cancellation
Period of buybacks made	From 6 August 2024 to 12 September 2024
Number of shares bought back	1,308,557
Average purchase price per share	€382.10*
Use of shares bought back	Cancellation

* *Excluding expenses.*

1,308,557 shares were cancelled in 2024(1). Over the last 24 months, 2,580,189 shares have been cancelled.

As of 31 December 2024, the Company does not hold any of its own shares.

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

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

This authorisation would expire at the end of a period of eighteen months from the General Meeting and take effect on 23 October 2025, i.e., on the expiry of the current authorisation for the Company to repurchase its own shares that expires on 22 October 2025, and the purchase price per share could not exceed €700 (excluding expenses); provided that in the event a public offer is filed for the Company's securities by a third party, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

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

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

The authorisation would concern up to 10% of the share capital, i.e., as an indication, 53,431,202 shares for a maximum amount of €37,401,841,400 at 31 December 2024; it being specified that the Company may not at any time hold more than 10% of its own share capital.

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

(1) The main aim of L'Oréal's share buyback policy is to neutralise, by cancelling shares, the dilution resulting for all shareholders from the issue of new shares in connection with employee shareholding and performance share plans, and thereby keep the number of shares in issue at a relatively stable level (notwithstanding exceptional strategic transactions).

7.4 Long-term Incentive Plans AFR

7.4.1 Presentation of the stock option plans for the purchase or subscription of shares and plans for conditional grants of shares to employee (ACAs)

Policy

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

These grants serve a dual purpose:

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

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

History

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

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

The objective was:

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

In 2011, L'Oréal's Board of Directors decided to make ACAs the main vehicle for its long-term incentive policy by extending the grant of shares to the main senior managers of the Group who until then only had received stock options. In 2012, at the suggestion of the Human Resources and Remuneration Committee, the Board of Directors went one step further in this policy and decided to replace the grant of stock options with conditional grants of shares for all beneficiaries as of the 2013 Plan.

Grant process

The plans are proposed by General Management[1] to the Board of Directors which decides, after receiving the opinion of the Human Resources and Remuneration Committee, the principle of these plans and the applicable conditions and rules.

In accordance with the recommendation of the AFEP-MEDEF Code, these grants are made over the same period each year: between 2009 and 2019 they were put in place following the approval of the financial statements for the previous year by the Annual General Meeting, and since 2020 they have been put in place at the end of the year, it being specified that the first year the performance conditions are assessed is the financial year following the year of grant.

The decision with regard to each individual grant is, in every case, contingent upon the quality of the performance rendered at the time of implementation of the plan with particular attention being paid to the main talents for the future. According to the eligibility criteria linked to the position held by the beneficiary and the size of the entity or the country in which the beneficiary works, to ensure worldwide fairness, these grants are made every year, on a recurring basis every two to three years, or more regularly.

The General Management and the Board of Directors reiterate the importance that is given to bringing together the interests of the beneficiaries of conditional share grants and those of the shareholders themselves.

The beneficiaries (senior managers and corporate officers) share with the shareholders the same confidence in the strong, steady growth of the Company with a medium and long-term vision.

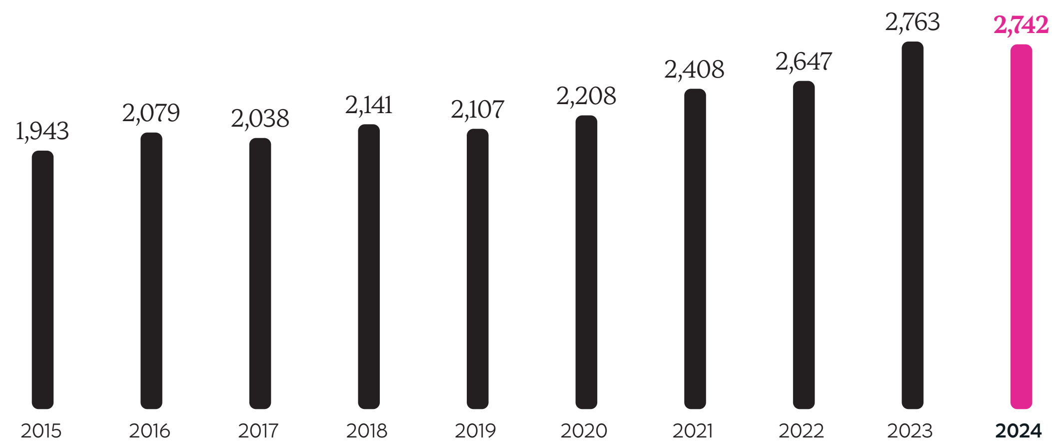
The attention of the beneficiaries of conditional share grants is drawn to the regulations in force concerning persons holding "inside information". The beneficiaries of conditional share grants undertake to read and comply with L'Oréal's Stock Market Code of Ethics, as referred to in the plan rules.

Number of beneficiaries

54% of the beneficiaries of the 10 October 2024 Plan are women. Nearly 3,700 employees, representing 10% of the managers around the world, nearly 54% of whom are in international subsidiaries, benefit or have benefited from at least one conditional grant of shares plan since 2020 and were still employees of the Company on 31 December 2024.

(1) *As part of its long-term incentive plans, and outside the ACA scope, in 2022, L'Oréal also set up the L'Oréal Retention Plan (LOREP) for local talent not yet eligible for the ACA share plans. The plan takes the form of a deferred bonus over three years, and does not generate any rights to shares for the beneficiaries. Historically, L'Oréal very quickly sought to involve employees in the company's performance and results, setting up a Group profit-sharing agreement in France in 1968, followed by a Group incentive agreement in 1988, both of which have been regularly renewed. At the international level, in 2001, the Group put in place the Worldwide Profit Sharing (WPS) programme in all the Group's subsidiaries in which employees do not benefit from statutory or contractual profit-sharing schemes.*

CHANGES IN THE NUMBER OF ACAS BENEFICIARIES SINCE 2015



7.4.2 Absence of stock option plans for Company shares

On 31 December 2024, there was no stock option plan in place for the purchase of Company[1] shares, the last plan having expired in 2021.

7.4.3 Plan for the conditional grants of shares (ACAs)

7.4.3.1 Authorisation of the Ordinary and Extraordinary General Meeting of 23 April 2024

The Annual General Meeting of 23 April 2024 gave the Board of Directors the authorisation to carry out free grants of existing shares and/or shares to be issued to employees and corporate officers of the Company and of its French or foreign subsidiaries under the conditions of Article L. 225-197-2 of the French Commercial Code.

The Annual General Meeting set the period of validity of the authorisation, which may be used on one or more occasions, at 26 months.

The total number of free shares thus granted may not represent more than 0.6% of the share capital recorded on the date of the Board of Directors' decision.

The number of free shares granted to the Company's corporate officers may not represent more than 10% of the total number of free shares granted during a financial year pursuant to this resolution.

The Board of Directors will determine the identity of the beneficiaries of the free shares and the number granted to each of them. It will also determine the conditions to be met in order for the shares to fully vest, in particular the financial and non-financial performance conditions.

Financial and non-financial performance conditions

The financial performance criteria are based on:

- growth in L'Oréal's like-for-like cosmetics sales as compared to those of a panel of its biggest direct competitors[2]; and
- change in L'Oréal's consolidated operating profit;

The non-financial performance criteria are based on:

- the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (% of renewable energy; % of plastic in packaging that comes from either recycled or biobased sources; number of people benefitting from the Group's brands' social commitment programmes); and
- gender balance within strategic positions including the Executive Committee.

The Board of Directors indeed considers that these two types of criteria, assessed over a long period of three financial years and applied to several plans, are complementary, in line with the Group's objectives and its specificities and likely to promote balanced, continuing growth over the long term. They are exacting but remain a source of motivation for the beneficiaries. The grant of such shares to their beneficiaries, for all or part of the shares granted, will become final provided that the other conditions set at the time of grant are met, at the end of a minimum vesting period of four years.

(1) There are no stock options plans in L'Oréal subsidiaries.
(2) The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.

Pursuant to the **criterion related to sales**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in sales of the panel of competitors. If this is not achieved, the grant decreases. If L'Oréal's comparable growth in sales is less than the average growth in sales of the panel of competitors over the period, no shares will be allocated for this criterion.

Pursuant to the **criterion related to operating profit**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, a level of growth defined by the Board of Directors, but not made public for confidentiality reasons, must be achieved or exceeded. If this is not achieved, the grant decreases. If the operating profit does not increase in absolute value over the period, no shares will fully vest pursuant to this criterion.

Pursuant to the **criterion related to the achievement of the L'Oréal for the Future Commitments**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, the L'Oréal for the Future Commitments have to be met at a certain level, as defined by the Board of Directors and made public, on average over the course of the vesting period. If this is not achieved, the grant decreases. No shares will fully vest under this criterion if the average level of achievement of the L'Oréal for the Future Commitments falls below the minimum level defined by the Board of Directors and made public.

With regard to the **criterion of gender balance in strategic positions**, including the Executive Committee, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, the average proportion of employees of each gender in strategic positions must be at least 40%. If this is not achieved, the grant decreases. No shares will vest in relation to this criterion if the average representation of one of the genders is below 35% over the vesting period.

These performance conditions will apply, for all individual grants greater than 100 free shares per plan, to all shares above the hundredth share, with the exception of grants to the corporate officers and members of the Executive Committee, for which they will apply in total. The free grant of shares may be carried out for all Group employees without performance conditions, or for shares allocated on the basis of cash subscriptions carried out as part of an increase in share capital reserved for Group employees.

The Board of Directors will be able to settle vesting and holding periods which are longer than the minimum periods set above. This mechanism for the conditional grant of shares complies with the AFEP-MEDEF Code.

Any allocations of shares to the corporate officers will be decided by the Board of Directors on the basis of the proposals of the Human Resources and Remuneration Committee after assessment of their performance. The corporate officers of L'Oréal will be required to hold 50% of their fully vested shares in registered form until they cease to hold office.

7.4.3.2 Conditional grants of shares within the framework of the authorisation of 23 April 2024 (ACAs Plan of 10 October 2024)

On the basis of the proposals made by the General Management and examined by the Human Resources and Remuneration Committee, the Board of Directors decided, at its meeting on 10 October 2024, to make a Conditional Grant of Shares within the scope of the authorisation granted by the Annual General Meeting on 23 April 2024.

The share capital at 10 October 2024 comprised 534,725,475 shares, and 3,208,352 shares could therefore be issued.

The Board of Directors used this authorisation at its meeting of 10 October 2024 by granting 700,000 shares to 2,742 beneficiaries. This is a free grant of shares to be issued.

Vesting of the shares is subject to a dual condition:

- presence: the shares granted will only vest after a period of four years at the end of which the beneficiary must still be an employee of the Group (except in the cases provided by the law or the Plan rules); and
- performance, evaluated as follows:

Financial criteria represent 80% of the performance conditions, split evenly between:

- the growth in L'Oréal's like-for-like cosmetics sales as compared to those of a panel of its biggest direct competitors[1]; and
- the change in L'Oréal's consolidated operating profit.

Non-financial criteria represent 20% of performance conditions and are based on:

- for 15%, the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (% of renewable energy used by sites operated by the Group; % of formula ingredients that are biobased, traceable and come from sustainable sources; % of plastic in packaging that comes from either recycled or biobased sources; number of people benefitting from the Group's brands' social commitment programmes); and
- for 5%, gender balance in strategic positions, including the Executive Committee.

The calculation will be made on the basis of the arithmetic average of the performances for financial years 2025, 2026 and 2027.

Pursuant to the **criterion relating to net sales**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. If this is not achieved, the grant decreases. If L'Oréal's comparable growth in net sales is less than the average growth in net sales of the panel of competitors over the period, no shares will be allocated for this criterion. The Board of Directors defines a threshold, not made public for confidentiality reasons, below which no shares will fully vest pursuant to this criterion.

(1) The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.

Pursuant to the **criterion related to operating profit**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, a level of growth defined by the Board of Directors, but not made public for confidentiality reasons, must be met or exceeded. If this is not achieved, the grant decreases. If the operating profit does not increase in absolute value over the period, no shares will fully vest pursuant to this criterion.

Pursuant to the **criterion related to the achievement of the L'Oréal for the Future Commitments**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, an average of 79% of the L'Oréal for the Future Commitments must be achieved during the vesting period. If this is not achieved, the grant decreases. If the average level of achievement for the L'Oréal for the Future Commitments falls below 66%, no shares will fully vest pursuant to this criterion.

Pursuant to the **criterion related to gender balance in strategic positions**, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, the average representation of one of the genders must account for at least 40% of employees in strategic positions. If this is not achieved, the grant decreases. No shares will vest in relation to this criterion if the average representation of one of the genders is below 35% over the vesting period.

The Human Resources and Remuneration Committee is responsible for communicating to the Board of Directors the level of indicators recorded for the years to be used for the calculation of the performance conditions. The Board of Directors records, at the appropriate time, the level of performance achieved on which the number of shares that fully vests depends.

The figures recorded each year to determine the levels of performance achieved are published in section 7.4.3.6.

The vesting of the first 100 conditional grants of shares is not subject to fulfilment of the performance conditions except for beneficiaries who were members of the Executive Committee at grant date, including the Chief Executive Officer.

7.4.3.3 Shares granted to the 10 employees other than corporate officers to whom the largest number of shares have been granted

The total number of shares granted in 2024 to the 10 employees other than corporate officers who received the largest number of shares was 73,175 shares.

7.4.3.4 Existing conditional share grants at 31 December 2024

Date of authorisation by the Extraordinary General Meeting	30.06.2020	21.04.2022	21.04.2023	23.04.2024
Date of grant by the Board of Directors	07.10.2021	13.10.2022	12.10.2023	10.10.2024
Total number of shares conditionally granted	588,750	700,000	650,580	700,000
Of which the 10 employees other than corporate officers granted the largest number of shares[1]	72,400	78,400	70,650	73,175
Number of beneficiaries	2,408	2,647	2,763	2,742

Performance conditions	• 50%: growth in like-for-like cosmetics sales as compared to a panel of competitors[2].
	• 50%: change in L'Oréal Groupe's consolidated operating profit
		• 80% based on financial performance criteria, split evenly between:
		  • growth in like-for-like cosmetics sales as compared to a panel of competitors[2] and,
		  • the change in L'Oréal's consolidated operating profit.
		• 20% based on non-financial performance criteria, of which:
		  • 15% depends on the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme,
		  • 5% depends on the gender balance within strategic positions, including the Executive Committee.		

Date of vesting	08.10.2025	14.10.2026	13.10.2027	11.10.2028
End of lock-in period	N/A	N/A	N/A	N/A

(1) *Employees who are not directors or corporate officers of L'Oréal or employees of companies included within the scope of the grant of shares.*
(2) *The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.*

7.4.3.5 Shares fully vested under the 7 October 2021 ACAs plan

At its meeting on 6 February 2025, the Board of Directors found that 100% of the performance conditions were achieved during the three years taken into consideration by the ACAs plan of 7 October 2021, namely 2022, 2023 and 2024. Accordingly, the beneficiaries who fulfil the conditions of the plan on 7 October 2025 and, in particular, that relating to the condition of presence in the Company, will receive 100% of the shares that were granted to them.

For the record, 17,000 shares were granted to Nicolas Hieronimus, Chief Executive Officer, under the 7 October 2021 Plan. After application of the plan terms, 17,000 shares will ultimately vest to Nicolas Hieronimus.

TABLE MONITORING THE PERFORMANCE CONDITIONS OF THE ACAS PLAN OF 7 OCTOBER 2021

ACAs plan of 7 October 2021	2022	2023	2024	Arithmetic average of performances for financial years 2022, 2023 and 2024
50% growth in like-for-like sales compared to a panel of competitors*	**+7.3 points** (+10.9%/+3.6%)	**+5.8 points** (+11.0%/+5.2%)	**+2 points** (+5.1%/+3.1%)	**+5.03 points**
50% change in the Group's operating profit	**+21.00%** (6,160.3/7,456.9)	**+9.20%** (7,456.9/8,143.3)	**+6.68%** (8,143.3/8,687.5)	**+12.29%**

* *The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.*

7.4.3.6 Summary tables of performance conditions for outstanding ACAs plans

ACAS PLAN OF 13 OCTOBER 2022	2023	2024	2025
• **80% based on financial performance criteria, split evenly between:**			
• growth in like-for-like sales as compared to a panel of competitors*	**+5.8 points** (+11%/ +5.2%)	**+2 points** (+5.1%/ +3.1%)	pending
• change in the Group's operating profit	**+9.20%** (7,456.9/ 8,143.3)	**+6.68%** (8,143.3/ 8,687.5)	pending
• **20% based on non-financial performance criteria, of which:**			
• 15% linked to the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme.			
– % of sites achieving 100% renewable energy (formerly referred to as "carbon neutral"[1])	77%	96%	pending
– % of our formula ingredients that are biobased, traceable and come from sustainable sources	93%	92%	pending
– % of plastic packaging that comes from either recycled or biobased sources	32%	37%	pending
– number of people benefitting from the Group's brands' social commitment programmes in relation to the target of 3 million by 2030	4 million	>4.5 million	pending
• 5% depends on the gender balance within strategic positions, including the Executive Committee.	48% women	49% women	pending
ACAS PLAN OF 12 OCTOBER 2023	**2024**	**2025**	**2026**
• **80% based on financial performance criteria, split evenly between**: • growth in like-for-like sales as compared to a panel of competitors* • change in the Group's consolidated operating profit	**+2 points** (+5.1%/ +3.1%) **+6.68%** (8,143.3/ 8,687.5)	pending	pending
• **20% based on non-financial performance criteria, of which:**			
• 15% linked to the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme			
– % of sites achieving 100% renewable energy (formerly referred to as "carbon neutral"[1])	96%	pending	pending
– % of our formula ingredients that are biobased, traceable and come from sustainable sources	92%	pending	pending
– % of plastic packaging that comes from either recycled or biobased sources	37%	pending	pending
– number of people benefitting from the Group's brands' social commitment programmes in relation to the target of 12 million by 2026[2]	>4.5 million	pending	pending
• 5% depends on the gender balance within strategic positions, including the Executive Committee.	49%	pending	pending
ACAS PLAN OF 10 OCTOBER 2024	**2025**	**2026**	**2027**
• **80% based on financial performance criteria, split evenly between:** • growth in like-for-like sales as compared to a panel of competitors* • change in the Group's consolidated operating profit	pending	pending	pending
• **20% based on non-financial performance criteria, of which:**			
• 15% linked to the fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme	pending	pending	pending
– % of renewable energy achieved by sites operated by the Group	pending	pending	pending
– % of plastic packaging that comes from either recycled or biobased sources	pending	pending	pending
– number of people benefitting from the Group's brands' social commitment programmes in relation to the target of 18 million by 2027[2]	pending	pending	pending
• 5% depends on the gender balance within strategic positions, including the Executive Committee.	pending	pending	pending

(1) A site must meet the following criteria: Direct CO_2 (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO_2 eq./year; and indirect market-based CO_2 (Scope 2) = 0. It should be noted that renewable energy sources no longer need to be located less than 500 kilometres from the site.

(2) Cumulatively since 2020, the year the L'Oréal for the Future programme was launched. Following the achievement of this target in 2023, a new objective has been defined, starting in 2023 (for the 2023 Plan), then renewed in 2024 (for the 2024 Plan): 2 million people will benefit annually from the social commitment programmes of our brands. For information purposes, by the end of 2024, approximately 12 million people had benefitted from the Group's brands' social commitment programmes since 2020.

** The panel consists of the following companies: Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Kenvue, Henkel, LVMH, Kao, Coty.*

7.5 L'Oréal share price performance

7.5.1 The L'Oréal share

7.5.1.1 Information on the L'Oréal share

ISIN code: FR0000120321.

Loyalty bonus codes:

- Shares that already benefit from preferential dividend rights: FR0011149590.
- Dividend up 10% in 2025: FR001400ECA7.
- Dividend up 10% in 2026: FR01400M8G9.
- Dividend up 10% in 2027: FR001400UH43.

Quantity: 1 share.

Par value: €0.20.

Trading on the spot market of Euronext Paris.

Eligible for the Deferred Settlement Service (SRD).

Unsponsored American Depositary Receipts are freely traded in the United States through certain banks operating in the United States.

7.5.1.2 Stock market data

Share price at 31 December 2024	€341.85
Average of closing share prices for the last 30 trading days of 2024	€336.08
Low	€316.30 on 21.11.2024
High	€461.85 on 06.06.2024
Annual share price increase at 31 December 2024	
• L'Oréal	-24.14%
• CAC 40	-2.15%
• Euronext 100	+4.17%
• DJ Euro Stoxx 50	+8.28%
• Euro Stoxx Consumer Products and Services	-3.20%
Market capitalisation at 31 December 2024	€182.7 billion(1)
At 31 December 2024, the L'Oréal share weighed:	
• in the CAC 40	+4.9%
• in the DJ Euro Stoxx 50	+3.9%
• in the Stoxx Europe 600 Personal and Household Goods	+13.6%

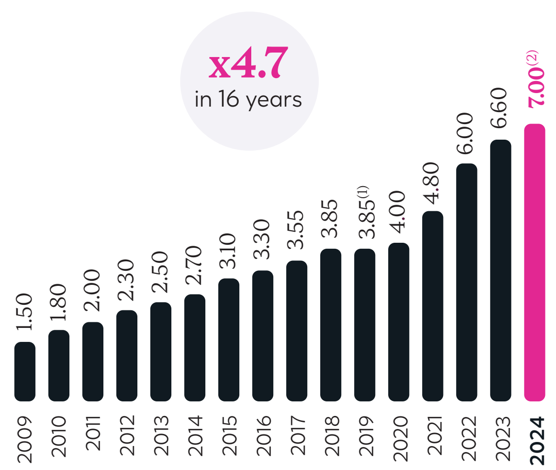
(1) Out of the number of shares at 31 December 2024, i.e., 534,312,021 shares.

7.5.1.3 Dynamic shareholder return policy

Earnings per share: €12.66[1].

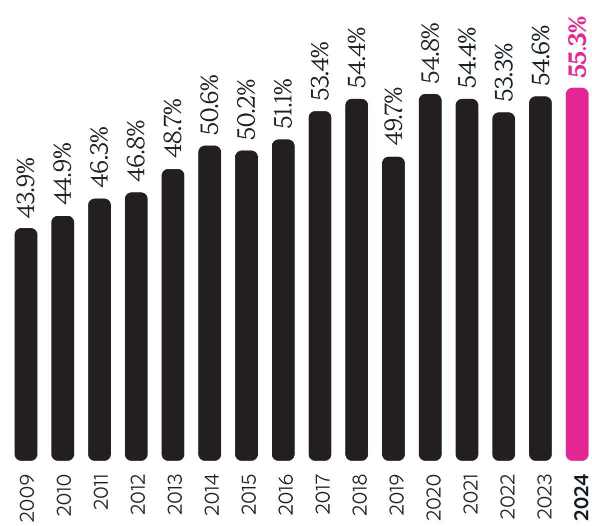
Dividend per share: €7.00[2].

STEADY INCREASE IN DIVIDEND PER SHARE
(€)



(1) The L'Oréal Board of Directors met on 12 May 2020 and, in the exceptional context of the Covid-19 health crisis, decided not to proceed with the planned 10.4% dividend increase and to propose a dividend of €3.85 to the Annual General Meeting, identical to the amount paid in 2019.
(2) Dividend proposed to the Annual General Meeting of 29 April 2025.

SHARE OF PROFITS DEDICATED TO DIVIDENDS: 55.3%



(1) Diluted earnings per share attributable to owners of the Company excluding non-recurring items.
(2) Dividend that will be proposed to the Annual General Meeting of 29 April 2025.

7.5.2 Stock market

7.5.2.1 Trading volumes and change in the price of the Company's share

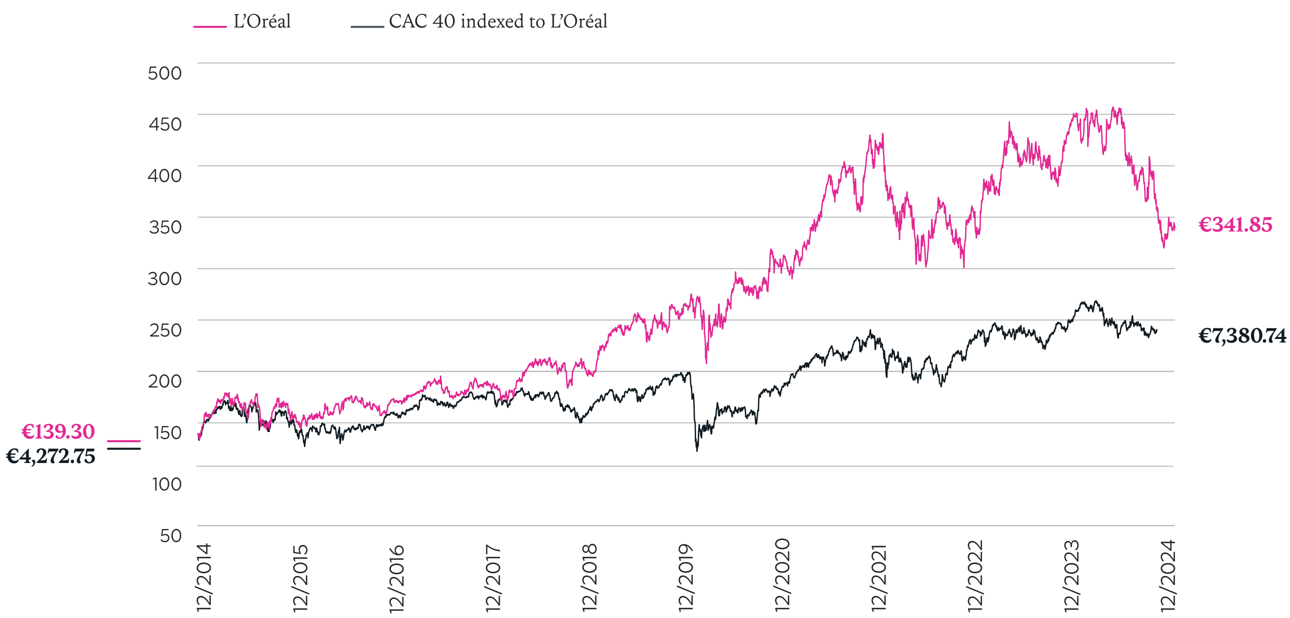
According to Euronext data, the only stock market for which reliable retrospective statistics could be collected.

	Price (€)			Average daily trading volume
Date	High	Low	Average	*(€ millions)*
2022				
January	431.95	361.45	389.93	162.86
February	385.25	328.80	360.53	189.65
March	376.10	322.50	351.31	207.06
April	376.35	334.35	357.78	149.80
May	345.10	300.90	320.72	167.03
June	343.95	300.45	321.03	136.81
July	373.00	323.05	343.60	138.24
August	372.15	339.00	359.07	103.39
September	361.70	319.70	337.10	138.33
October	341.10	304.05	324.84	131.76
November	356.70	300.70	338.17	138.13
December	364.80	330.00	345.40	114.74

	Price (€)			Average daily trading volume
Date	High	Low	Average	*(€ millions)*
2023				
January	388.40	334.30	370.64	128.25
February	393.60	364.20	381.50	143.21
March	413.55	365.80	385.98	150.45
April	442.60	409.05	424.96	161.66
May	440.00	396.80	417.15	124.63
June	428.80	395.05	408.53	134.11
July	427.85	397.20	412.91	115.57
August	426.25	393.55	407.22	102.96
September	413.20	385.65	399.79	141.87
October	400.90	372.00	390.83	126.32
November	435.00	389.80	419.71	137.32
December	460.00	433.65	444.89	123.25

	Price (€)			Average daily trading volume
Date	High	Low	Average	*(€ millions)*
2024				
January	454.05	417.00	435.32	112.56
February	460.60	417.10	443.81	134.21
March	457.50	428.10	442.05	121.55
April	449.05	407.85	426.06	145.09
May	458.40	432.90	448.66	118.61
June	461.85	407.05	443.83	136.77
July	416.95	387.10	403.39	128.08
August	400.65	374.00	387.47	132.70
September	413.20	364.55	381.60	164.33
October	400.50	337.15	374.67	145.82
November	353.45	316.30	332.48	138.48
December	352.65	322.80	340.34	147.89

CHANGE IN THE L'ORÉAL SHARE PRICE COMPARED TO THE CAC 40 INDEX FROM 31 DECEMBER 2014 TO 31 DECEMBER 2024



7.5.2.2 Total shareholder return

Amongst the various economic and financial indicators used to measure value creation, L'Oréal has chosen to apply the criterion of Total Shareholder Return: (TSR). This indicator is a synthetic measurement that takes into account not only the value of the share but also the dividend income received (excluding tax credits before 1 January 2005).

7.5.2.2.1 Five-year change of a portfolio of approximately €15,000 invested in L'Oréal shares with reinvestment of dividends

Date of transaction	Nature of transaction	Investments (€)	Income (€)	Number of shares after the transaction
31.12.2019	Purchase of 57 shares at €264.00	15,048.00		57
07.07.2020	Dividend: €3.85 per share		219	57
	Reinvestment: purchase of 1 share at €288.30	288.30		58
29.04.2021	Dividend: €4.00 per share		232	58
	Reinvestment: purchase of 1 share at €343.10	343.10		59
29.04.2022	Dividend: €4.80 per share		283	59
	Reinvestment: purchase of 1 share at €348.90	348.90		60
28.04.2023	Dividend: €6.00 per share		360	60
	Reinvestment: purchase of 1 share at €432.75	432.75		61
30.04.2024	Dividend: €6.60 per share		403	61
	Reinvestment: purchase of 1 share at €439.65	439.65		62
TOTAL AT 31.12.2024		**16,901**	**1,497**	**62**
TOTAL NET INVESTMENT		**15,403**		

Portfolio value at 31 December 2024 (62 shares at €341.85, price at 31 December 2024): €21,195.

The initial capital has thus been multiplied by 1.4 over 5 years (5-year inflation rate = 12.37% - Source: INSEE) and the final capital is 1.4 times the total net investment.

The Total Shareholder Return of the investment is thus 6.6% per year (assuming that the shares are sold on 31 December 2024, excluding tax on capital gains).

Note: Any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

7.5.2.2.2 10-year change of a portfolio of approximately €15,000 invested in L'Oréal shares with reinvestment of dividends

Date of transaction	Nature of transaction	Investment (€)	Income (€)	Number of shares after the transaction
31.12.2014	Purchase of 108 shares at €139.30	15,044		108
07.05.2015	Dividend: €2.70 per share		292	108
	Reinvestment: purchase of 2 shares at €168.60	337.20		110
03.05.2016	Dividend: €3.10 per share		341	110
	Reinvestment: purchase of 3 shares at €157.80	473.40		113
03.05.2017	Dividend: €3.30 per share		373	113
	Reinvestment: purchase of 3 shares at €184.55	553.65		116
27.04.2018	Dividend: €3.55 per share		412	116
	Reinvestment: purchase of 3 shares at €196.90	590.70		119
30.04.2019	Dividend: €3.85 per share		458	119
	Reinvestment: purchase of 2 shares at €245.10	490.20		121
07.07.2020	Dividend: €3.85 per share		466	121
	Reinvestment: purchase of 2 shares at €288.30	576.60		123
29.04.2021	Dividend: €4.00 per share		492	123
	Reinvestment: purchase of 2 shares at €343.10	686.20		125
29.04.2022	Dividend: €4.80 per share		600	125
	Reinvestment: purchase of 2 shares at €348.90	697.80		127
28.04.2023	Dividend: €6.00 per share		762	127
	Reinvestment: purchase of 2 shares at €432.75	865.50		129
30.04.2024	Dividend: €6.60 per share		851	129
	Reinvestment: purchase of 2 shares at €439.65	879.30		131
TOTAL AT 31.12.2024		**21,195**	**5,047**	**131**
TOTAL NET INVESTMENT		**16,148**		

Portfolio value at 31 December 2024 (131 shares at €341.85, price at 31 December 2024): €44,782.

The initial capital has thus been multiplied by 3 over 10 years (10-year inflation rate = 17.17% - Source: INSEE) and the final capital is 2.8 times the total net investment.

The Total Shareholder Return of the investment is thus 11.0% per year (assuming that the shares are sold on 31 December 2024, excluding tax on capital gains).

Note: Any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

7.5.2.2.3 20-year change of a portfolio of approximately €15,000 invested in L'Oréal shares with reinvestment of dividends

Date of transaction	Nature of transaction	Investment (€)	Income (€)	Number of shares after the transaction
31.12.2004	Purchase of 269 shares at €55.85	15,023.65		269
11.05.2005	Dividend: €0.82 per share		221	269
	Reinvestment: purchase of 4 shares at €56.50	226.00		273
10.05.2006	Dividend: €1.00 per share		273	273
	Reinvestment: purchase of 4 shares at €72.65	290.60		277
03.05.2007	Dividend: €1.18 per share		327	277
	Reinvestment: purchase of 4 shares at €86.67	346.68		281
30.04.2008	Dividend: €1.38 per share		388	281
	Reinvestment: purchase of 6 shares at €76.21	457.26		287
24.04.2009	Dividend: €1.44 per share		413	287
	Reinvestment: purchase of 8 shares at €52.02	416.12		295
05.05.2010	Dividend: €1.50 per share		443	295
	Reinvestment: purchase of 6 shares at €76.77	460.62		301
04.05.2011	Dividend: €1.80 per share		542	301
	Reinvestment: purchase of 7 shares at €85.79	600.53		308
03.05.2012	Dividend: €2.00 per share		616	308
	Reinvestment: purchase of 7 shares at €92.84	649.88		315
10.05.2013	Dividend: €2.30 per share		725	315
	Reinvestment: purchase of 6 shares at €134.05	804.30		321
05.05.2014	Dividend: €2.50 per share		803	321
	Reinvestment: purchase of 7 shares at €123.90	867.30		328
07.05.2015	Dividend: €2.70 per share		886	328
	Reinvestment: purchase of 6 shares at €168.60	1,011.60		334
03.05.2016	Dividend: €3.10 per share		1,035	334
	Reinvestment: purchase of 7 shares at €157.80	1,104.60		341
03.05.2017	Dividend: €3.30 per share		1,125	341
	Reinvestment: purchase of 7 shares at €184.55	1,291.85		348
27.04.2018	Dividend: €3.55 per share		1,235	348
	Reinvestment: purchase of 7 shares at €196.90	1,378.30		355
30.04.2019	Dividend: €3.85 per share		1,367	355
	Reinvestment: purchase of 6 shares at €245.10	1,470.60		361
07.07.2020	Dividend: €3.85 per share		1,390	361
	Reinvestment: purchase of 5 shares at €288.30	1,441.50		366
29.04.2021	Dividend: €4.00 per share		1,464	366
	Reinvestment: purchase of 5 shares at €343.10	1,715.50		371
29.04.2022	Dividend: €4.80 per share		1,781	371
	Reinvestment: purchase of 6 shares at €348.90	2,093.40		377
28.04.2023	Dividend: €6.00 per share		2,262	377
	Reinvestment: purchase of 6 shares at €432.75	2,596.50		383
30.04.2024	Dividend: €6.60 per share		2,528	383
	Reinvestment: purchase of 6 shares at €439.65	2,637.90		389
TOTAL AT 31.12.2024		**36,885**	**19,822**	**389**
TOTAL NET INVESTMENT		**17,063**		

Portfolio value at 31 December 2024 (389 shares at €341.85, price at 31 December 2024): €132,980.

The initial capital has thus been multiplied by 8.9 over 20 years (20-year inflation rate = 32.18% - Source: INSEE) and the final capital is 7.8 times the total net investment.

The Total Shareholder Return of the investment is thus 11.3% per year (assuming that the shares are sold on 31 December 2024, excluding tax on capital gains).

Note: any income tax that may be paid by the investor as a result of the successive dividend payments is not taken into account.

7.5.2.3 Dividends

The limitation period for dividends is five years. Any dividends for which payment has not been requested are paid to the French Deposits and Consignments Fund (Caisse des Dépôts et Consignations).

7.6 Information and shareholder dialogue policy

L'Oréal is committed to improving the quality of its financial information and takes steps to ensure it maintains a regular dialogue with its shareholders and with French and international investors. Beyond its legal obligations, a whole range of information and communication tools is made available to all stakeholders to give them a better understanding of L'Oréal's business model and the potential of the beauty market. These comprise documentation, including digital media on the L'Oréal Finance website, shareholder events and meetings either organised physically or virtually, and investor conferences and roadshows.

7.6.1 Additional communication tools

Keen on transparency and accessibility of information, in 2024 the Financial Communications Department shared a wealth of complete financial and non-financial information with the entire financial community. It relies on communication tools with a high emphasis on digital:

- L'Oréal makes available two comprehensive and complementary publications each year, the Annual Report and the Universal Registration Document, and one interim publication, the Half-Year Financial Report. These documents can be consulted and downloaded at www.loreal-finance.com. In 2024, the Universal Registration Document was published in an interactive format to improve user-friendliness and access to content.
- The www.loreal-finance.com website contains a complete set of all financial and non-financial information. Its content and ergonomics evolve regularly to provide quicker and easier access to information.
- The L'Oréal Finance mobile app, available on the App Store and Google Play, makes it possible to keep L'Oréal Finance news close to hand. Downloaded more than 97,000 times since it was created, it is highly appreciated by professionals and individual shareholders.
- The Letter to Shareholders and e-newsletters make it possible to keep shareholders and subscribers regularly informed of all the Group's major events.
- The shareholder brochure describes the L'Oréal's business model and explains the advantages of registered shares to answer questions that shareholders may have about this shareholding method.
- Several "best-of" films featuring the main events of the year have been made and posted on the L'Oréal Finance website, so our shareholders can relive these moments.
- Testifying to the loyalty of the shareholders who support the Group's development over the long term, more and more shareholders are showing an interest in becoming registered shareholders. Thanks to preferential dividends and the advantages related to this method of shareholding, becoming a registered shareholder enables shareholders to be known to the Group, to have systematic and regular access to information, and to be closely involved in the Group's development.

In 2024, the Group and the Financial Communications Department were recognised for their achievements:

- The digital Annual Report receives regular recognition, including the 2024 European Excellence Award for best annual report, the Top/Com Corporate Business gold award for best annual report, and the Stratégies du Luxe silver award in the websites and mini-sites category.
- On 19 November, L'Oréal received the Prix de la Pédagogie for the second year running at the 23rd Investor Awards, organised by Boursorama, in recognition of its best practices in financial communications.
- On 5 December 2024, L'Oréal received the gold prize for the CAC 40 company with the best digital communication and the bronze prize for investor relations, awarded by French trade magazine *Le Revenu*.

7.6.2 A large number of shareholder events for regular and detailed dialogue in 2024

In 2024, events were organised, some in digital format, to maintain relationships and promote dialogue:

- The Financial Communications Department and the Investor Relations Department organised a financial information meeting and telephone conferences intended for analysts and institutional investors, with journalists specialising in the cosmetics sector also invited along. The presentations of the Group's financial results and the business activities of the Operational Divisions were broadcast live online at www.loreal-finance.com. All the information presented was made available on this site, on the day of its publication, when the annual and half-yearly results were published, as well as at investor conferences. L'Oréal also held a Capital Markets Day for analysts and institutional investors on 2 and 5 December in the SAPMENA region.
- The Annual General Meeting was broadcast live and on demand, in French and English, on the L'Oréal Finance website. For several years, shareholders have had the option to vote remotely before the meeting via the Votaccess platform. In 2024, in order to respect shareholder democracy and encourage dialogue with shareholders, and in addition to the legal process for written questions, L'Oréal set up a dedicated online chat platform to receive, in the days preceding the Annual General Meeting[1], all shareholders' questions to be made directly to Management. Shareholders also had the opportunity to ask questions both before and during the Annual General Meeting. This broadcast was viewed by around 1,500 shareholders.
- L'Oréal once again took part as preferred partner in Boursorama's digital e-show, BoursoLive, on 24 and 25 June. Christophe Babule, Chief Financial Officer of L'Oréal gave a presentation on the L'Oréal model during a web conference and answered questions from web users. Béatrice Dautzenberg, L'Oréal's Global Director of Beauty Tech Services, was a speaker at a conference on the topic of "companies and the AI revolution". Attended by many shareholders, it has since gained nearly 434,000 views.
- L'Oréal met with approximately 500 shareholders over two meetings in the French regions on 10 October in Reims, and on 16 October in Aix-en-Provence.
- In total, the various conferences organised in 2024 received close to 441,000 views on demand.
- The Individual Shareholder Consultation Committee is a true body for consultation and dialogue with individual shareholders, and consists of 12 shareholders appointed for three years. As a representative of L'Oréal's individual shareholders, this Committee actively participates, through its reflections and work, in the development and enhancement of the Group's financial communication and acts as an ambassador. In 2024, the Consultation Committee met three times.
- The Investor Relations Department organises numerous meetings throughout the year with institutional investors of the main international financial marketplaces. They met with more than 900 investors in total.
- Finally, a free phone service is available to L'Oréal shareholders calling from France (0 800 66 66 66) or other countries (+33 1 40 14 80 50). An interactive voice server gives shareholders 24/7 access to information on share prices, key dates or a summary of the latest press release. The Shareholder Services Department can also be contacted using this number during business hours (8:45 a.m. - 6:00 p.m. Paris time).

7.6.3 2025 financial calendar

6 February 2025	2024 annual results
17 April 2025	First quarter 2025 sales
29 April 2025	Ordinary and Extraordinary General Meeting
July 2025*	First-half 2025 sales and results
October 2025*	Third-quarter 2025 sales

* *The exact date will be detailed on the website www.loreal-finance.com*

(1) *Within the framework of the Annual General Meeting (for more information see section 7.1.4. "Annual General Meeting").*

7.6.4 Financial press releases published in 2024

10.01.2024	L'Oréal acquires Gjosa
08.02.2024	2023 Annual Results
09.02.2024	L'Oréal signs an exclusive worldwide licence agreement with Miu Miu
19.03.2024	Procedures for the Ordinary and Extraordinary General Meeting of 23 April 2024/2023 Universal Registration Document
18.04.2024	First quarter 2024 sales
23.04.2024	Ordinary and Extraordinary General Meeting and Board of Directors' Meeting of 23 April 2024
03.06.2024	L'Oréal announces the launch of a fourth employee share ownership plan
30.07.2024	2024 Half-Year Results
01.08.2024	Availability of the 2024 Half-Year Financial Report
05.08.2024	L'Oréal acquires a 10% stake in Galderma
22.10.2024	Sales at 30 September 2024
30.10.2024	L'Oréal successfully prices a €1.25 billion dual tranche public bond offering
18.11.2024	L'Oréal Groupe and Chenavari announce the creation of the Solstice Fund to accelerate decarbonisation for industrial partners
23.12.2024	L'Oréal Groupe acquires Korean skincare brand Dr.G

The www.loreal-finance.com website contains all regulated information published in 2024.

8 — Annual General Meeting

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8.1 Draft resolutions and Report of the Board of Directors to the Ordinary and Extraordinary General Meeting to be held on Tuesday 29 April 2025

Agenda

Ordinary resolutions

1. Approval of the 2024 parent company financial statements
2. Approval of the 2024 consolidated financial statements
3. Allocation of the Company's net profit for financial year 2024 and setting of the dividend
4. Appointment of the company Téthys as a Director
5. Appointment of Isabelle Seillier as a Director
6. Appointment of Aurélie Jean as a Director
7. Re-appointment of Nicolas Hieronimus as a Director
8. Re-appointment of Paul Bulcke as a Director
9. Re-appointment of Alexandre Ricard as a Director
10. Establishment of the total maximum amount allotted to Directors as remuneration for their office
11. Approval of the information on the remuneration of each of the directors and corporate officers required by Article L. 22-10-9, I of the French Commercial Code
12. Approval of the fixed and variable components of the total remuneration and benefits paid during financial year 2024 or allocated for that year to Jean-Paul Agon, in his capacity as Chairman of the Board of Directors
13. Approval of the fixed and variable components of the total remuneration and benefits paid during financial year 2024 or allocated for that year to Nicolas Hieronimus, in his capacity as Chief Executive Officer
14. Approval of the remuneration policy for Directors
15. Approval of the remuneration policy for the Chairman of the Board of Directors
16. Approval of the remuneration policy for the Chief Executive Officer
17. Authorisation for the Company to buy back its own shares

Extraordinary resolutions

18. Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital by issuing ordinary shares, with preferential subscription rights for shareholders
19. Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital by capitalising premiums, reserves, profits or other amounts
20. Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital in order to remunerate the contributions in kind given to the Company in the form of equity securities or securities giving access to the share capital of third party companies
21. Delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of shareholders' preferential subscription rights
22. Delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of preferential subscription rights, within the framework of an employee share ownership plan
23. Amendments to Article 9 of the Articles of Association relating to the deliberations of the Board of Directors, in order to enable use of the modernisation measures introduced under France's "Attractiveness Act" (law no. 2024-537 of 13 June 2024) and its implementing decree
24. Amendments to Article 12 of the Articles of Association relating to the "General rules" about General Meetings in order to align them with France's "Attractiveness Act" (law no. 2024-537 of 13 June 2024)
25. Powers for formalities

8.1.1 Ordinary meeting

Resolutions 1, 2 and 3: Approval of the annual (parent company and consolidated) financial statements for 2024, allocating the company's net income and setting the dividend

Explanatory statement

Having reviewed the Reports of the Board of Directors and the Statutory Auditors, the Annual General Meeting is called on to approve:

- the parent company financial statements for 2024, with an income statement showing net income of €5,677,952,150.95 in 2024, compared with €3,826,295,624.92 for 2023; and
- the 2024 consolidated financial statements.

The details of these financial statements are set out in the 2024 Annual Financial Report and the main data included in the package containing the notice convening the Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting:

- an ordinary dividend of €7.00 per share, representing an increase of 6.1% over the dividend for the previous financial year.

  The rate of distribution of the ordinary dividend (ordinary dividend paid/net income diluted per share excluding non-recurring items, attributable to owners of the Company) would be 55.3% in 2024. Over the last five financial years, this rate was:

Year	2019	2020	2021	2022	2023
Rate of distribution	49.7%	54.8%	54.4%	53.3%	54.6%

- a **preferential dividend** of €7.70 per share, corresponding to a 10% increase over the ordinary dividend.

  The preferential dividend will be granted to the shares held in registered form since 31 December 2022 at the latest, and which continuously remain in registered form until the dividend payment date in 2025. The number of shares eligible for this preferential dividend may not exceed, for the same shareholder, 0.5% of the share capital.

If the Annual General Meeting approves this proposal, the ex-dividend date for the dividends (both ordinary and preferential) will be 5 May 2025 at 00:00 hours (Paris time) and they will be paid on 7 May 2025.

The amount of the ordinary dividend and the preferential dividend is eligible for the tax deduction provided for in Article 158.3. 2° of the French General Tax Code, which is applicable in the event that an individual beneficiary opts to tax his or her income from movable assets on the progressive scale of income tax.

First resolution: approval of the 2024 parent company financial statements

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the Report of the Board of Directors and the financial year 2024 parent company financial statements, as presented, and the transactions reported in these financial statements and summarised in these Reports, showing net income of €5,677,952,150.95 versus €3,826,295,624.92 for financial year 2023.

Second resolution: approval of the 2024 consolidated financial statements

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the financial year 2024 consolidated financial statements and the transactions included in these financial statements and summarised in these Reports.

Third resolution: allocation of the Company's net income for financial year 2024 and setting of the dividend

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, on the proposal of the Board of Directors, decides to allocate the net income for the 2024 financial year, amounting to €5,677,952,150.95 as follows:

No charge to the legal reserve which already represents over one-tenth of the share capital	-
Amount allocated to shareholders as dividend[1] (including preferential dividend)	€3,779,207,478.90
Balance that will be allocated to the "Other reserves" item	€1,898,744,672.05

(1) *Including a primary dividend equal to 5% of the amounts paid up on shares, i.e. the total amount of the share capital.*

This amount is calculated on the basis of the number of shares forming the capital at 31 December 2024 and will be adjusted to reflect:

- the number of shares issued between 1 January 2025 and the date of payment of this dividend following the full vesting of new free shares granted and giving rights to said dividend;
- the final number of shares eligible for the preferential dividend, taking into account sales or transfers to a bearer account between 1 January 2025 and the date of payment of the dividend.

The Annual General Meeting therefore sets the ordinary dividend at €7.00 per share and the preferential dividend at €7.70 per share. The preferential dividend will be granted to the shares held in registered form since 31 December 2022 at the latest, and which continuously remain in registered form until the dividend payment date, it being specified that the number of shares giving entitlement to such a preferential dividend cannot exceed 0.5% of share capital for any one shareholder. The ex-dividend date for the dividends (both ordinary and preferential) will be 5 May 2025 at 00:00 hours (Paris time) and they will be paid on 7 May 2025.

In the event that, at the time of payment of the dividend, the Company holds treasury shares, the distributable profit corresponding to the unpaid dividend due to the holding of such shares would be allocated to the "Other reserves" item.

For individuals domiciled in France, the dividend is subject to income tax at a flat rate but may be taxed, at the shareholder's option, at a progressive rate. In such a case, the dividend is eligible for the tax deduction provided for in Article 158 3.2° of the French General Tax Code.

The table below shows the amount of the dividends distributed that were fully eligible for the tax deduction provided for in Article 158 3.2° of the French General Tax Code, for the last three financial years:

	2021	2022	2023
Ordinary dividend per share	€4.80	€6.00	€6.60
Preferential dividend per share	€0.48	€0.60	€0.66

Resolutions 4, 5, 6, 7, 8 and 9: Offices of Directors

Explanatory statement

1. Composition of the Company's Board of Directors at 31 December 2024

The Directors of L'Oréal come from different backgrounds. They complement one another due to their different professional experience, skills and nationalities. They have good knowledge of the Company. The Directors are present, active and closely involved. These are all assets that contribute to the quality of the Board of Directors' deliberations in the context of the decisions it is called on to make.

The Directors are attentive and vigilant and carry out their duties with complete freedom of judgement. This freedom of judgement enables them in particular to participate, in complete independence, in the decisions or work of the Board of Directors and its Committees.

Jean-Paul Agon, 68, joined the L'Oréal Groupe in 1978. Following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, International Managing Director of Biotherm, General Manager of L'Oréal Germany, General Manager of the Asia Zone, Chairman and Chief Executive Officer of L'Oréal USA, Jean-Paul Agon was appointed as Deputy Chief Executive Officer of L'Oréal in 2005, and then Chief Executive Officer in April 2006, and finally Chairman and Chief Executive Officer in 2011. Since 1 May 2021, Jean-Paul Agon has been the Chairman of the Board of Directors. A Director of L'Oréal since 2006, he is also the Chairman of the Strategy and Sustainability Committee. Jean-Paul Agon is the Chairman of the L'Oréal Corporate Foundation.

Nicolas Hieronimus, 60, joined the L'Oréal Groupe in 1987. Nicolas Hieronimus was appointed Marketing Director for Laboratoires Garnier in 1993. After an international career as a Director of the Garnier Maybelline Division in the United Kingdom, General Manager in France, then International General Manager of L'Oréal Paris and General Manager of L'Oréal Mexico, Nicolas Hieronimus was appointed as the General Manager of the L'Oréal Professional Products Division and joined the Executive Committee in 2008. In 2011, he was appointed President of L'Oréal Luxe, a role that he held until the end of 2018. In 2013, Nicolas Hieronimus became the General Manager of Selective Divisions (Luxury, Active Cosmetics, Professional Products). He was appointed Deputy CEO in charge of Divisions in May 2017. Nicolas Hieronimus was appointed Chief Executive Officer of L'Oréal on 1 May 2021. He has been a Director of L'Oréal since April 2021. In addition, Nicolas Hieronimus is Chairman of the L'Oréal Fund for Women and Director of the L'Oréal Corporate Foundation.

Françoise Bettencourt Meyers, 71, daughter of Liliane Bettencourt and granddaughter of the founder of L'Oréal, Eugène Schueller, Françoise Bettencourt Meyers has been the Chairwoman of the family-owned holding company Téthys since 2012, and is the Chairwoman of the Supervisory Board of the investment subsidiary Téthys Invest, Chairwoman of Financière L'Arcouest, Chairwoman of the Board of Directors of Bettencourt Schueller Foundation and Honorary Chairwoman of Fondation Pour l'Audition. Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997. Vice-Chairwoman of the Board of Directors since 2020, Françoise Bettencourt Meyers is also a member of the Strategy and Sustainability Committee, the Nominations and Governance Committee and the Human Resources and Remuneration Committee.

Paul Bulcke, 70, of Belgian and Swiss nationality, after pursuing an international career at the highest level within the Nestlé group, holding various positions in Europe and Latin America, was in 2004 appointed Executive Vice President and Zone Director for zone Americas of Nestlé S.A., before becoming Chief Executive Officer of Nestlé S.A. from 2008 to 2016. Paul Bulcke has served as the Chairman of the Board of Directors of Nestlé since 2017. Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017. Paul Bulcke is the Vice-Chairman of the Board of Directors, and is a member of the Strategy and Sustainability Committee, the Nominations and Governance Committee, and the Human Resources and Remuneration Committee.

Sophie Bellon, 63, is Chairwoman of the Board of Directors and CEO of Sodexo. After a career in finance in the United States, she joined Sodexo in 1994, where she held various positions, including as the Chief Executive Officer of the Corporate Services business unit of Sodexo France and as Research, Development and Innovation Strategy Manager of Sodexo. Sophie Bellon has been a Director of L'Oréal since 2015 and is the Chairwoman of the Human Resources and Remuneration Committee and a member of the Nominations and Governance Committee. She is also a Director of Pluxee NV.

Patrice Caine, 54, has been Chairman and Chief Executive Officer of the Thales group since December 2014, after holding management positions in various operating units (Air and Naval, Communication, Navigation and Identification, Air Systems, Radio-Communication Products, Network and Infrastructure Systems, and Protection Systems) from 2002 to 2013. Patrice Caine has been a Director of L'Oréal since 2018 and is the Chairman of the Nominations and Governance Committee and a member of the Strategy and Sustainability Committee.

Fabienne Dulac, 57, has been Deputy CEO and member at the Executive Committee at Emeis since October 2023, after a 26-year career at Orange group where she served as Chief Executive Officer of Orange France from 2015 until 2023 and was appointed Chief Transformation Officer of the Orange group and Orange Business Chairwoman. Fabienne Dulac has been a Director of L'Oréal since 2019 and member of the Audit Committee and the Human Resources and Remuneration Committee. She is also a Director of the company La Française des Jeux.

Béatrice Guillaume-Grabisch, 60, has been HR/IT & International Business Services Director in charge of special projects for the Nestlé group since 1 January 2025. She joined Nestlé in 2013 after a career in various consumer goods groups (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal and The Coca-Cola Company). Within the Nestlé group she previously held the positions of Chief Executive Officer of Nestlé Germany until December 2018, then Group Executive Vice President and Global Head of Human Resources and Business Services until December 2024. Béatrice Guillaume-Grabisch has been a Director of L'Oréal since 2016 and is a member of the Audit Committee.

Thierry Hamel, 70, joined the L'Oréal Groupe in 1979. He has spent a large part of his career in the Professional Products Division, where he currently serves as Project Manager – Sales Excellence, Onboarding and Training for the sales functions of the Professional Products Division in France. Thierry Hamel was appointed Director representing the employees in April 2022 by the CFE-CGC union for a four-year term and is a member of the Human Resources and Remuneration Committee.

Ilham Kadri, 55, a French and Moroccan national, is Chief Executive Officer of Syensqo, an international speciality chemicals group focused on innovation and sustainability, formed from the demerger of the Solvay group in December 2023. Until that date, she was Chief Executive Officer of the Solvay group and chaired its Executive Committee. Between 2013 and 2019, she was CEO and Chairwoman of the American company Diversey, having performed roles in R&D, sales, marketing, strategy, business management and digital technology in leading industrial companies (Shell, UCB, Dow, Sealed Air etc.). She is also a Director of A.O. Smith Corporation. Ilham Kadri has been a Director of L'Oréal since 2020 and Member of the Audit Committee.

Jean-Victor Meyers, 38, son of Françoise Bettencourt Meyers and Jean-Pierre Meyers, has been a member of the Supervisory Board of the family holding company Téthys since 2011 and member of the Supervisory Board of the investment subsidiary Téthys Invest. Jean-Victor Meyers has been a Director of L'Oréal since 2012 and is a member of the Strategy and Sustainability Committee.

Nicolas Meyers, 36, son of Françoise Bettencourt Meyers and Jean-Pierre Meyers, has been a member of the Supervisory Board of the family-owned holding company Téthys since 2011, member of the Supervisory Board of the investment subsidiary Téthys Invest and a Director of the Bettencourt Schueller Foundation since 2012. Nicolas Meyers has been a Director of L'Oréal since 2020 and is a member of the Audit Committee.

Virginie Morgon, 55, is Founder and Managing Partner of Ardabelle Capital, a private equity firm dedicated to driving the transition to a sustainable economy. Previously, she was Chairwoman of the Management Board of Eurazeo from 2008 to February 2023, after 16 years at Lazard. She is also Co-Chair of the Paris Committee of the Human Rights Watch. Virginie Morgon has been a Director of L'Oréal since 2013 and is the Chairwoman of the Audit Committee.

Alexandre Ricard, 52, has been Chairman and Chief Executive Officer of Pernod Ricard since February 2015. He joined Pernod Ricard in 2003 after seven years as a strategy consultant at Accenture and as a M&A consultant at Morgan Stanley. In 2004, he was appointed Director of Finance and Administration of Irish Distillers, and then Chief Executive Officer of Pernod Ricard Asia Duty Free in September 2006. In 2008, he was appointed Chairman and Chief Executive Officer of Irish Distillers and joined the Executive Committee of Pernod Ricard. In 2011, he joined the General Management of Pernod Ricard as Deputy General Manager in charge of Distribution, before being appointed Deputy Chief Executive Officer in 2012 then Chairman and Chief Executive Officer in 2015. Alexandre Ricard has been a Director of L'Oréal since 2021 and is a member of the Strategy and Sustainability Committee and Human Resources and Remuneration Committee.

Jacques Ripoll, 58, is a member of the Supervisory Board of Eren Groupe and has spent a large part of his career in banking and finance. After a spell at Société Générale from 1991 to 2013, he joined Banco Santander as Chief Executive Officer responsible for investment banking. In 2018, he was appointed Deputy CEO of Crédit Agricole in charge of the "Key accounts" division. In 2022, he joined Eren Groupe, which puts technological innovation to the service of the natural resources economy by supporting entrepreneurs in developing innovative technological solutions to help advance the transition to clean energy. He is also a Director at CMA CGM Group. Jacques Ripoll has been a Director of L'Oréal since April 2024 and Member of the Audit Committee.

Benny de Vlieger, 60, joined L'Oréal Belgium in 1989, having previously worked in the Delhaize group. Benny de Vlieger is a Sales Representative for the Consumer Products Division in Belgium. Benny de Vlieger was appointed Director representing the employees in April 2022 by L'Oréal's European Works Council (Instance Européenne de Dialogue Social) for a four-year term and is a member of the Audit Committee.

Non-renewal of the term of office of Françoise Bettencourt Meyers as a Director

The tenure of Françoise Bettencourt Meyers, a Director of L'Oréal since 1997, Vice-Chairwoman of the Board of Directors since 2020, and a member of the Strategy and Sustainability, Nominations and Governance, Human Resources and Remuneration Committees, expires at the end of this Annual General Meeting.

Françoise Bettencourt Meyers has informed the Board of Directors that she would not request the renewal of her tenure as Director. After 28 years on the Board, she has expressed her desire to ensure the continuity of the Bettencourt Meyers family's commitment to L'Oréal by proposing that the family-owned holding company Téthys join the Board of Directors alongside her two sons, Jean-Victor Meyers and Nicolas Meyers.

Jean-Paul Agon, on behalf of the Board of Directors, warmly thanked Françoise Bettencourt Meyers for her outstanding contribution to L'Oréal's success for nearly three decades, her unwavering commitment, and her constant support to the Group. A guardian of its founding values, she played an essential role in the Group's strategic transformations through her consistently insightful guidance. The Board praised the strong and lasting tie that unites the Bettencourt Meyers family with L'Oréal, which represents an invaluable asset for the Group, both through the presence of Jean-Victor Meyers and Nicolas Meyers, as well as the forthcoming presence of the company Téthys.

To replace Françoise Bettencourt Meyers as Vice-Chair of the Board of Directors, the Bettencourt Meyers family proposed the appointment of Jean-Victor Meyers following the Annual General Meeting of 29 April 2025, which the Board of Directors unanimously approved. Paul Bulcke is also Vice-Chair.

Non-renewal of the term of office of Virginie Morgon as a Director

The tenure of Virginie Morgon, a Director of L'Oréal since 2013, and Chairwoman of the Audit Committee since 2016, expires at the end of this Annual General Meeting. After 12 years on the Board, her term will not be submitted for renewal. The Board wished to highlight Virginie Morgon's contributions to the work of the Board and the Audit Committee, particularly her financial expertise. Virginie Morgon has brought to the Board her keen interest in innovation and her constant attention to new consumer trends. The Board thanked her for her commitment and her pro-active involvement in developing a sustainable business model underpinned by economic, environmental and social excellence.

2. Resolutions submitted for approval to the Annual General Meeting of 29 April 2025

Appointment of the company Téthys as a Director

Upon the proposal of Françoise Bettencourt Meyers and her family, and upon the recommendation of the Nominations and Governance Committee, the Board of Directors will propose to the Annual General Meeting the appointment of Téthys as a Director for a four-year term.

Téthys, the Bettencourt Meyers family's holding company and the largest shareholder of L'Oréal, is chaired by Françoise Bettencourt Meyers. If the Annual General Meeting approves the appointment of Téthys as a Director, Téthys would designate Alexandre Benais, Deputy Chief Executive Officer of Téthys, as its representative. Alexandre Benais will bring to the Board of Directors his recognised financial expertise and long-term strategic vision.

Appointment of Isabelle Seillier as a Director

The Board of Directors, on the recommendation of the Nominations and Governance Committee, will propose to the Annual General Meeting the appointment of Isabelle Seillier as an independent Director, for a period of four years.

Isabelle Seillier, 65, has been Vice-Chairwoman of the Supervisory Board of the Fondation pour la Recherche Médicale (FRM, French Foundation for Medical Research) since May 2024.

After spending the first six years of her career with Société Générale, in 1993 she joined JP Morgan, where she worked until early 2024. During her time with JP Morgan she held various leadership roles within the group's business lines and geographical regions before being appointed Chairwoman of Investment Banking. In 2008, she became the Chairwoman for France and North Africa, and in 2016 she was appointed Vice-Chairwoman of Investment Banking for Europe, the Middle East and Africa. In 2019, she took up the position of Chairwoman of Investment Banking, serving in this post until January 2024.

Isabelle Seillier will bring to the Board her recognised financial expertise, her ability to develop a strategic vision in support of sustainable growth, as well as her deep knowledge of the economic environment across several geographical regions. She will also bring her ability to seize new consumer trends, her experience of governance, and her commitment to social responsibility.

Appointment of Aurélie Jean as a Director

The Board of Directors, on the recommendation of the Nominations and Governance Committee, will propose to the Annual General Meeting the appointment of Aurélie Jean as an independent Director, for a period of four years.

Aurélie Jean, 42, has a doctorate in science, is a graduate of Sorbonne University, ENS Paris Saclay and Mines ParisTech, and trained at the Massachusetts Institute of Technology (MIT). After holding several posts in applied digital sciences (Michelin, MIT, ParaSim – where she worked on a virtual-reality-based simulator – and Bloomberg), in 2016 she founded In Silico Veritas, an algorithmic and data development and consulting company, where she is Chief Executive Officer. In 2023, she co-founded INFRA, a start-up that uses artificial intelligence to detect breast cancer at an early stage, where she serves as Chief Artificial Intelligence Officer and Co-CEO.

Aurélie Jean works in France and the United States, and is very actively involved in science and applied research. She also contributes to scientific and general journals and other publications and is committed to diversity and inclusion.

Aurélie Jean will bring to the Board of Directors her recognised expertise in digital and new technologies, particularly in the field of artificial intelligence, as well as in the areas of research and innovation. She will also bring an entrepreneurial mindset, her experience of the North American market and her commitment to diversity and inclusion.

Re-appointment of three Directors: Nicolas Hieronimus, Paul Bulcke and Alexandre Ricard

Re-appointment of Nicolas Hieronimus as a Director

As the term of office of Nicolas Hieronimus as a Director is set to expire, the renewal of his term of office for four years is submitted to the Annual General Meeting.

Nicolas Hieronimus has been a Director of L'Oréal since April 2021. He has held the post of Chief Executive Officer of L'Oréal since 1 May 2021 and is also Chairman of the L'Oréal Fund for Women and Director of the L'Oréal Corporate Foundation.

Nicolas Hieronimus joined the L'Oréal Groupe in 1987 and was appointed Marketing Director of Laboratoires Garnier in 1993. After an international career as General Manager of the Garnier Maybelline Division in the United Kingdom, General Manager France, then International General Manager of L'Oréal Paris and General Manager of L'Oréal Mexico, Nicolas Hieronimus was appointed as General Manager of the L'Oréal Professional Products Division and joined the Executive Committee in 2008. In 2011, he was appointed President of L'Oréal Luxe, a role that he held until the end of 2018. In 2013, Nicolas Hieronimus became President of Selective Divisions (Luxe, Active Cosmetics, Professional Products). He was appointed Deputy Chief Executive Officer in charge of Divisions in May 2017.

The Board considers it essential for the Chief Executive Officer to take part in Board discussions. Nicolas Hieronimus offers expertise in the cosmetics market, an intimate knowledge of L'Oréal and a vision of the future of Beauty, all of which will help the Group to implement future strategic priorities, take advantage of all the opportunities available in an ever-changing world and adapt and reinvent the Group, all while keeping with its values, commitments and Sense of Purpose to "Create the beauty that moves the world". He also brings to the Board his extensive experience in corporate governance and ESG strategy, as well as in-depth knowledge of the digital sector and new technologies.

Over his last four years as a Director, Nicolas Hieronimus' attendance rate at Board meetings has been 100%.

Re-appointment of Paul Bulcke as a Director

As Paul Bulcke's term of office as a Director is set to expire, his re-appointment for a further four-year term will be submitted to the Annual General Meeting.

Paul Bulcke was a Director of L'Oréal from 2012 to June 2014 and then again since 2017. Paul Bulcke is the Vice-Chairman of the Board of Directors, and is a member of the Strategy and Sustainability Committee, the Nominations and Governance Committee, and the Human Resources and Remuneration Committee.

A Belgian and Swiss national, he has pursued an international career at the highest level within the Nestlé group. After holding various positions in Europe and Latin America, in 2004, he was appointed Executive Vice President and Zone Director for the Americas zone of Nestlé SA before becoming Chief Executive Officer of Nestlé SA from 2008 to 2016. Paul Bulcke has served as the Chairman of the Board of Directors of Nestlé since 2017.

Paul Bulcke brings to the Board his strategic vision, multicultural approach, in-depth knowledge of consumers on every continent and flair for innovation, all of which are invaluable assets for furthering L'Oréal's strategy. He also offers his industrial expertise, knowledge of new technologies and command of ESG strategy issues for a major international group.

Over his last four years as a Director, Paul Bulcke's attendance rate has been 94%[1] at meetings of the Board of Directors and 100% at meetings of the Strategy and Sustainability Committee, the Nominations and Governance Committee and the Human Resources and Remuneration Committee.

Re-appointment of Alexandre Ricard as a Director

As Alexandre Ricard's term of office as a Director is set to expire, his re-appointment for a further four-year term will be submitted to the Annual General Meeting.

Alexandre Ricard has been a Director of L'Oréal since 2021 and is a member of the Strategy and Sustainability Committee and Human Resources and Remuneration Committee.

Alexandre Ricard has been Chairman and Chief Executive Officer of Pernod Ricard since February 2015. He joined Pernod Ricard in 2003 after seven years as a strategy consultant at Accenture and as a M&A consultant at Morgan Stanley. In 2004, he was appointed Director of Finance and Administration of Irish Distillers, and then in September 2006, Chief Executive Officer of Pernod Ricard Asia Duty Free. In 2008, Alexandre Ricard was appointed Chairman and Chief Executive Officer of Irish Distillers and joined the Executive Committee of Pernod Ricard. In 2011, he joined Pernod Ricard's General Management as Managing Director, Distribution Network, before being appointed Deputy Chief Executive Officer in 2012 then Chairman and Chief Executive Officer in 2015.

Alexandre Ricard brings to the Board his extensive experience leading a major international company, his strategic vision and his entrepreneurial spirit. He also brings in-depth knowledge of consumers and command of finance, corporate governance and ESG strategy for a major international group, as well as digital expertise, particularly on the Asian and American markets.

Over his last four years as a Director, Alexandre Ricard's attendance rate has been 100% at both meetings of the Board of Directors and meetings of the Strategy and Sustainability Committee and the Human Resources and Remuneration Committee.

(1) *Excluding the extraordinary meeting of the Board of Directors of 5 November 2021 which Paul Bulcke abstained from attending as this meeting concerned the buy back of L'Oréal shares from Nestlé.*

3. Composition of the Board of Directors after the Annual General Meeting of 29 April 2025

3.1. Independence of Directors

Every year the Nominations and Governance Committee proposes to the Board of Directors that the situation of each of the Directors with regard to their independence be reviewed on a case-by-case basis according to the criteria set out in the AFEP-MEDEF Code.

The review of the independence of these Directors was carried out by the Board of Directors on the basis, in particular, of a study of the relationships existing between the Company and the companies in which the Directors hold offices.

If the Annual General Meeting approves the appointments and re-appointments that are proposed by the Board of Directors, the number of Independent Directors will be eight out of fifteen, i.e. an independence rate of 53% (the two Directors representing the employees are not taken into account pursuant to the AFEP-MEDEF Code).

3.2. Balanced gender representation on the Board of Directors

If the Annual General Meeting approves the appointments and re-appointments submitted to it, the number of women in the Board of Directors will be six out of the 15 Directors appointed by the Annual General Meeting, i.e. a percentage representation of women of 40%.

3.3. Length of office and minimum number of shares held

The term of office of the Directors appointed by the Company's Annual General Meeting is four years or less to allow a scheduled renewal of the terms of office of Directors. The term of office of a Director who is not appointed by the Annual General Meeting is four years.

Directors appointed by the Annual General Meeting must each hold a minimum of 250 L'Oréal shares: at least 125 shares on the date of their appointment by the Annual General Meeting and the balance no later than 24 months after their appointment (see section 3.7 of the Internal Rules of the Board of Directors, which appears in section 2.3.6. of the 2024 Universal Registration Document).

3.4. Available time

The Board of Directors has also verified that the Directors put forward for appointment or re-appointment have the necessary available time to carry out their duties, and that the number of directorships they hold outside the Company complies with the rules of the French Commercial Code and the AFEP-MEDEF Code. The Board will remain vigilant of the available time of its Directors, particularly those holding directorships in other listed companies.

3.5. Summary of the composition of the Board of Directors after the Annual General Meeting of 29 April 2025

If the Annual General Meeting approves the proposed appointments and re-appointments, the Board of Directors will comprise 17 Directors, i.e., 15 Directors appointed by the Annual General Meeting and 2 Directors representing the employees.

Composition of the Board of Directors (at the close of the 2025 Annual General Meeting[1])		Age	W/M	Nationality	Expiry of term of office	Board Committees			
						S&S	Audit	Gov.	HR & Rem.
Corporate officers	**Jean-Paul Agon –** Chairman of the Board	68	M	French	2026	C			
	Nicolas Hieronimus – Chief Executive Officer	61	M	French	2029				
Bettencourt Meyers family	**Jean-Victor Meyers**	39	M	French	2028	●		●	●
	Nicolas Meyers	36	M	French	2028			●	●
	Téthys, represented by Alexandre Benais	49	M	French	2029	●	●		
Directors linked to Nestlé	**Paul Bulcke**	70	M	Belgian-Swiss	2029	●		●	●
	Béatrice Guillaume-Grabisch	60	W	French	2028		●		
Independent Directors ■	**Sophie Bellon**	63	W	French	2027			●	C
	Patrice Caine	55	M	French	2026	●		C	
	Fabienne Dulac	57	W	French	2027		●		●
	Aurélie Jean	42	W	French	2029				
	Ilham Kadri	56	W	French-Moroccan	2028	●			
	Alexandre Ricard	52	M	French	2029		●		●
	Jacques Ripoll	59	M	French	2028		C		●
	Isabelle Seillier	65	W	French	2029		●	●	
Directors representing the employees	**Benny de Vlieger**	60	M	Belgian	2026		●		
	Thierry Hamel	70	M	French	2026				●
Independence						N/A	66%	50%	57%

(1) If the proposed appointments and re-appointments are approved at the 29 April 2025 Annual General Meeting.
■ Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors.
C Chairman/Chairwoman of the Committee.
● Committee Member.

Fourth resolution: appointment of the company Téthys as a Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, appoints the company Téthys as a Director for a term of four years.

Téthys' term of office will expire at the end of the Annual General Meeting to be held in 2029 and called to approve the financial statements for the previous financial year.

Fifth resolution: appointment of Isabelle Seillier as a Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, appoints Isabelle Seillier as a Director for a term of four years.

Her term of office will expire at the end of the Annual General Meeting to be held in 2029 and called to approve the financial statements for the previous financial year.

Sixth resolution: appointment of Aurélie Jean as a Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, appoints Aurélie Jean as a Director for a term of four years.

Her term of office will expire at the end of the Annual General Meeting to be held in 2029 and called to approve the financial statements for the previous financial year.

Seventh resolution: re-appointment of Nicolas Hieronimus as a Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, re-appoints Nicolas Hieronimus as a Director for a term of four years.

His term of office will expire at the end of the Annual General Meeting to be held in 2029 and called to approve the financial statements for the previous financial year.

Eighth resolution: re-appointment of Paul Bulcke as a Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, re-appoints Nicolas Paul Bulcke as a Director for a term of four years.

His term of office will expire at the end of the Annual General Meeting to be held in 2029 and called to approve the financial statements for the previous financial year.

Ninth resolution: re-appointment of Alexandre Ricard as a Director

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, re-appoints Alexandre Ricard as a Director for a term of four years.

His term of office will expire at the end of the Annual General Meeting to be held in 2029 and called to approve the financial statements for the previous financial year.

Resolution 10: Establishment of the total maximum amount allotted to Directors as remuneration for their office

Explanatory statement

In order to take into account the increase in the number of Directors on the Board as a result of the appointments being submitted for the approval of the Annual General Meeting, and of the number of meetings of the Board, and also with a view to providing fairer remuneration for the members of the Strategy and Sustainability Committee, which meets more frequently than the other Committees, the Board is proposing that the maximum annual amount of Directors' remuneration be increased.

On the recommendation of the Human Resources and Remuneration Committee, the Board proposes to the Annual General Meeting that directors’ maximum annual remuneration be increased to €2,000,000 (from €1,700,000).

This maximum annual amount would replace the amount of €1,700,000 set by the 2023 Annual General Meeting.

The amount proposed is a maximum sum, which will not necessarily be used in its entirety because the remuneration paid to each Director takes into account the composition of the Board and its Committees and the Directors' actual attendance at meetings.

The principles of how their remuneration would be broken down are set out in section 2.4.1.1 of the 2024 Universal Registration Document and make provision for a predominant variable portion that is based on attendance.

Tenth resolution: establishment of the total maximum amount allotted to Directors as remuneration for their office

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, resolves to set the total maximum amount allotted to directors as remuneration for their office at €2,000,000 for the current financial year and for each subsequent year until a new resolution is made.

Resolutions 11, 12, 13, 14, 15 and 16: Remuneration of Directors and corporate officers of the Company

Explanatory statement

The Annual General Meeting is called to approve the remunerations of the Company's directors and corporate officers for 2024 (***ex post*** vote).

The Annual General Meeting must vote every year on the remuneration granted or paid during the financial year ended to directors and corporate officers of the Company.

This ***ex-post*** vote covers two series of resolutions: one concerning all directors and corporate officers, i.e., for L'Oréal, the Directors, the Chairman of the Board of Directors and the Chief Executive Officer; and the other concerning only the corporate officers of the Company, i.e., for L'Oréal, the Chairman of the Board of Directors, Jean-Paul Agon, and the Chief Executive Officer, Nicolas Hieronimus.

Therefore, the shareholders are called, by the vote on the **eleventh resolution**, to approve the information on the remuneration of each of the Company's aforementioned directors and corporate officers for 2024 as required by Article L. 22-10-9, I of the French Commercial Code. This information is provided in section 2.4.2 of the 2024 Universal Registration Document.

By the vote on the **twelfth resolution**, the shareholders are called to approve the fixed and variable components of the total remuneration and benefits of any kind paid during 2024 or allocated for that year to Jean-Paul Agon, Chairman of the Company's Board of Directors, pursuant to Article L. 22-10-34, II of the French Commercial Code. This information is provided in section 2.4.2.3 of the 2024 Universal Registration Document and is summarised in the following table ("Summary table of the components of remuneration paid in 2024 or allocated for that financial year to Jean-Paul Agon, Chairman of the Board of Directors").

By the vote on the **thirteenth resolution**, the shareholders are called to approve the fixed and variable components of the total remuneration and benefits of any kind paid in 2024 or allocated for that year to Nicolas Hieronimus, the Company's Chief Executive Officer, pursuant to Article L. 22-10-34, II of the French Commercial Code. This information is provided in section 2.4.2.2 of the 2024 Universal Registration Document and is summarised in the following table ("Summary table of the components of remuneration paid in 2024 or allocated for that financial year to Nicolas Hieronimus, Chief Executive Officer").

The Annual General Meeting is also called to approve the remuneration policy for the Company's directors and corporate officers (***ex ante*** vote).

In the **fourteenth to sixteenth resolutions**, the Annual General Meeting is asked to approve, pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the remuneration policies for the Company's Directors and corporate officers.

The provisions of these remuneration policies introduced by the Board of Directors are set out in section 2.4.1 of the 2024 Universal Registration Document. Shareholders are called to approve separately:

- by the vote on the **fourteenth resolution**, the remuneration policy for Directors of the Company introduced by the Board of Directors. This policy includes a change in the variable portion of remuneration for the members of the Strategy and Sustainability Committee, which meets more frequently than the other Board Committees (see section 2.4.1.1 of the 2024 Universal Registration Document). This new policy is conditional on the approval of the tenth resolution setting the total maximum amount allotted to Directors as remuneration for their office. This new policy would apply at the end of the Annual General Meeting;
- by the vote on the **fifteenth resolution**, the remuneration policy for the Chairman of the Board of Directors presented in the Report of the Board of Directors. This policy is identical to the remuneration policy for Directors approved at the Annual General Meeting of 23 April 2024 and is set out in section 2.4.1.2.2 of the 2024 Universal Registration Document;
- by the vote on the **sixteenth resolution**, the remuneration policy for the Chief Executive Officer. The changes envisaged compared with the remuneration policy approved at the Annual General Meeting of 23 April 2024 are described in section 2.4.1.2.1 of the 2024 Universal Registration Document and summarised in section 2.4.1. of the 2024 Universal Registration Document.

SUMMARY TABLE OF THE COMPONENTS OF REMUNERATION PAID IN 2024 OR ALLOCATED FOR THAT YEAR TO JEAN-PAUL AGON, CHAIRMAN OF THE BOARD OF DIRECTORS

Remuneration components submitted for a vote	Amounts allocated for the 2024 financial year or accounting valuation	Amounts paid in 2024 or accounting valuation	Description
Fixed remuneration	€1,166,667		At its meeting on 8 February 2024, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors decided that at the Annual General Meeting it would submit a proposal to set Jean-Paul Agon's annual fixed remuneration at the gross amount of €950,000 as from 1 May 2024 compared to the gross amount of €1,600,000 previously. This resolution was approved on a 97.90% basis.
Benefits in addition to remuneration	€0		• **Benefits in kind** Jean-Paul Agon benefits from the material resources needed for the performance of his office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind.
	€3,125.04		• **Employee benefit scheme** Jean-Paul Agon benefits from the same employee benefit scheme as the senior managers of the Company.

SUMMARY TABLE OF THE COMPONENTS OF REMUNERATION PAID IN 2024 OR ALLOCATED FOR THAT YEAR TO NICOLAS HIERONIMUS, CHIEF EXECUTIVE OFFICER

Remuneration components submitted for a vote	Amounts allocated for the 2024 financial year or accounting valuation	Amounts paid in 2024 or accounting valuation	Description
Fixed remuneration	**€2,000,000**		At its meeting of 8 February 2024, on the recommendation of the Human Resources and Remuneration Committee, the Board of Directors kept Nicolas Hieronimus's fixed remuneration at the gross amount of €2,000,000 on an annual basis. This amount has not changed since 2021.
Annual variable remuneration	**€2,048,500**, i.e., 102.4% of the target annual variable remuneration	**€2,250,000**	The annual variable remuneration is designed to align the executive corporate officer's remuneration with the Group's annual performance and to promote the implementation of its strategy year after year. The Board of Directors strives to encourage the executive corporate officer both to maximise performance for each financial year and to ensure that it is repeated and regular year-on-year. The target annual variable remuneration is set at 100% of the fixed remuneration (or €2,000,000 gross); the annual variable remuneration may reach up to 120% of the fixed remuneration (€2,400,000 gross) if there is outperformance on the objectives.

CRITERIA FOR ASSESSMENT OF PERFORMANCE FOR 2024	
• **Financial criteria**	60%
• Change in like-for-like net sales as compared to the budget	15%
• Change in market share as compared to the main competitors	15%
• Consolidated operating profit as compared to the budget	10%
• Earnings per share as compared to the budget	10%
• Cash flow as compared to the budget	10%
• **Non-financial and qualitative criteria**	40%
• CSR criteria: L'Oréal for the Future	10%
• Human Resources criteria	7.5%
• Digital development criteria	7.5%
• Qualitative criteria: Management	7.5%
• Qualitative criteria: Image, company reputation, dialogue with stakeholders	7.5%

The assessment is carried out on a criterion-by-criterion basis with no possibility to offset between criteria. A summary of achievements in 2024 is set out in section 2.4.2.2.2. of the 2024 Universal Registration Document.

Remuneration components submitted for a vote	Amounts allocated for the 2024 financial year or accounting valuation	Amounts paid in 2024 or accounting valuation	Description
			ASSESSMENT FOR 2024 BY THE BOARD OF DIRECTORS' MEETING OF 13 MARCH 2025
			On the basis of the aforementioned assessment criteria, on 13 March 2025 the Board of Directors decided, on the recommendation of the Human Resources and Remuneration Committee, to award gross variable remuneration of €2,048,500 for 2024, or 102.4% of the maximum target, given the level of achievement of the financial criteria and the qualitative and non-financial criteria of 94.6% and 114.2% respectively. The assessment elements are set out in paragraph 2.4.2.2. of the 2024 Universal Registration Document.

Performance shares	16,000 performance shares valued at €5,735,840 (estimated fair value according to the IFRS applied for the preparation of the consolidated financial statements)	N/A	Pursuant to the authorisation of the Extraordinary General Meeting of 23 April 2024 (nineteenth resolution), the Board of Directors decided on 10 October 2024, on the recommendation of the Human Resources and Remuneration Committee, to conditionally grant 16,000 performance shares (ACAs) to Nicolas Hieronimus. This grant is in accordance with the 2024 remuneration policy defined by the Board of Directors on 8 February 2024 and approved by the Annual General Meeting of 23 April 2024.
			The fair value of one ACA in the Plan of 10 October 2024, measured according to the IFRS applied for the preparation of the consolidated financial statements, is €358.49, representing, for the 16,000 ACAs granted in 2024 to Nicolas Hieronimus, a fair value of €5,735,840.
			Final vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a four-year vesting period as from the grant date. The number of vested shares will depend:
			• in part, criteria for financial performance based on:
			  • growth in comparable cosmetics sales of L'Oréal as compared to a panel of L'Oréal's major direct competitors,
			  • growth in L'Oréal's consolidated operating profit;
			• in part, criteria for non-financial performance based on:
			  • fulfilment of environmental and social responsibility commitments made by the Group as part of the L'Oréal for the Future programme (hereinafter "L'Oréal for the Future Commitments"): % of renewable energy used by sites operated by the Group[1]; % of plastic packaging that comes from either recycled or biobased sources; number of people benefitting from the Group's brands' social commitment programmes, and
			  • gender balance within strategic positions including the Executive Committee.
			Pursuant to the criterion relating to net sales, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in net sales of the panel of competitors. Below this level, the number of fully vested shares is reduced. If L'Oréal's comparable growth in net sales is lower than the average growth in net sales of the panel of competitors, no shares will be fully vested under this criterion.
			Pursuant to the criterion related to operating profit, a measure of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all free shares granted to be fully vested by the beneficiaries at the end of the vesting period. Below this level, the number of fully vested shares is reduced. If the operating profit does not increase in absolute value over the period, no shares will fully vest in relation to this criterion.
			With regard to the achievement of the L'Oréal for the Future Commitments criterion, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, an average of 79% of the L'Oréal for the Future Commitments must be achieved during the vesting period. Below this level, the grant decreases. No shares will fully vest if the average level of achievement for the L'Oréal for the Future Commitments falls below 66%.

(1) *Excluding on-site health and safety installations*

Remuneration components submitted for a vote	Amounts allocated for the 2024 financial year or accounting valuation	Amounts paid in 2024 or accounting valuation	Description
			Pursuant to the criterion relating to gender balance in strategic positions, in order for all the free shares granted to be fully vested by the beneficiaries at the end of the vesting period, the average gender quota in strategic positions must be a minimum of 40% of members that are the same gender. Below this level, the grant decreases. No shares will fully vest in relation to this criterion if the average representation of one of the genders is less than 35% over the vesting period. The grant of shares to Nicolas Hieronimus in 2024 represents 2.29% of the total number of ACAs granted to the 2,742 beneficiaries of this same Plan. In accordance with the authorisation of the Annual General Meeting of 23 April 2024, this grant of shares does not represent more than 0.6% of the share capital, it being understood that the maximum amount granted to corporate officers may not represent more than 10% of the total amount of free shares that may be granted. No share subscription or purchase options or other long-term incentives have been granted to Nicolas Hieronimus in 2024.
Remuneration of Directors	**€0**		Nicolas Hieronimus does not receive any remuneration for his office as a Director .
Benefits in addition to remuneration	**€0**		• **Benefits in kind** Nicolas Hieronimus benefits from the material resources needed for the performance of his office such as, for example, the provision of a car with a driver. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind.
	€11,248,23		• **Supplementary social protection schemes: defined contribution pension, employee benefit and healthcare schemes** Nicolas Hieronimus continues to be treated in the same way as a senior executive during the term of his corporate office, which will allow him to continue to benefit from the additional social protection schemes and, in particular, the defined contribution pension scheme, and the employee benefit and healthcare schemes applicable to the Company's employees. The amount of the pension resulting from the employer's contributions for the defined contribution pension scheme will be deducted from the pension due in respect of the defined benefit pension in accordance with the provisions of this collective scheme. The amount of the employer's contributions to the employee benefit and healthcare schemes amounted to €4,061.19 (gross) in 2024, and the amount of the employer's contribution to the defined contribution pension scheme amounted to €7,187.04 (gross).

Eleventh resolution: approval of the information on the remuneration of each of the directors and corporate officers required by Article L. 22-10-9, I of the French Commercial Code

Pursuant to Article L. 22-10-34, I of the French Commercial Code, the Annual General Meeting, voting with the quorum and majority required for Ordinary General Meetings, approves the information described in section I of Article L. 22-10-9 of the French Commercial Code as presented in section 2.4.2 of the 2024 Universal Registration Document.

Twelfth resolution: approval of the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2024 or allocated for that year to Jean-Paul Agon, in his capacity as Chairman of the Board of Directors

Pursuant to Article L. 22-10-34, II of the French Commercial Code, the Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2024 or allocated for that year to the Chairman, Jean-Paul Agon, as presented in section 2.4.2.3 of the 2024 Universal Registration Document.

Thirteenth resolution: approval of the fixed and variable components of the total remuneration and benefits paid during financial year 2024 or allocated for that year to Nicolas Hieronimus in his capacity as Chief Executive Officer

Pursuant to Article L. 22-10-34, II of the French Commercial Code, the Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of any kind paid during financial year 2024 or allocated for that year to the Chief Executive Officer, Nicolas Hieronimus, as presented in section 2.4.2.2 of the 2024 Universal Registration Document.

Fourteenth resolution: approval of the remuneration policy for Directors

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the remuneration policy for Directors as presented in the aforementioned report in compliance with Article L. 22-10-8 of the French Commercial Code and restated in section 2.4.1.1 of the 2024 Universal Registration Document.

Fifteenth resolution: approval of the remuneration policy for the Chairman of the Board of Directors

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the remuneration policy for the Chairman of the Board of Directors as presented in the aforementioned report in compliance with Article L. 22-10-8 of the French Commercial Code and restated in section 2.4.1.2.2 of the 2024 Universal Registration Document.

Sixteenth resolution: approval of the remuneration policy for the Chief Executive Officer

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the remuneration policy for the Chief Executive Officer as presented in the aforementioned report in compliance with Article L. 22-10-8 of the French Commercial Code and restated in section 2.4.1.2.1 of the 2024 Universal Registration Document.

Resolution 17: Authorisation for the Company to buy back its own shares

Explanatory statement

As the existing authorisation is due to expire in October 2025, it is proposed that the Annual General Meeting give the Board of Directors a new authorisation, it being specified that in the event of a public offer being filed by a third party with regard to Company securities, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

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

- cancelling them by reducing the share capital;
- allocating or selling them to employees, directors and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit sharing schemes, free grants of shares or all employee share ownership programmes as well as for the purpose of carrying out any transaction to cover the above-mentioned employee share ownership programmes;
- market-making under a liquidity agreement entered into with an investment services provider in accordance with the market practices accepted by the French Financial Markets Authority (AMF); and/or
- retaining the shares and subsequently using them (as payment, in an exchange or otherwise) in connection with external growth, merger, demerger or contribution.

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

The Annual General Meeting resolves that this authorisation would expire at the end of a period of eighteen months from this Annual General Meeting, and take effect on 23 October 2025, i.e., on the expiry of the current authorisation for the Company to repurchase its own shares that expires on 22 October 2025.

The purchase price per share may not exceed €700 (excluding expenses). The authorisation would cover a maximum of 10% of the share capital - a maximum of 5% of the capital for the shares acquired to be retained and subsequently remitted (for payment, exchange, or other purposes) in the context of transactions for external growth, merger, demerger or contribution - which is, as an indication at 31 December 2024, 53,431,202 shares for a maximum of €37,401,841,400, it being understood that the Company may not, at any time, hold more than 10% of its own share capital at the measurement date.

Seventeenth resolution: Authorisation for the Company to repurchase its own shares

The Annual General Meeting, voting with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors, authorises the Board of Directors, with the option to delegate to the Chief Executive Officer, to purchase shares of the Company in accordance with Articles L. 225-210 and L. 22-10-62 of the French Commercial Code and subject to the following conditions:

The Company may buy back its own shares under the conditions defined by the laws and regulations in force, and notably with a view to:

- cancelling them by reducing the share capital;
- allocating or selling them to employees, directors and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit sharing schemes, free grants of shares or all employee share ownership programmes as well as for the purpose of carrying out any transaction to cover the above-mentioned employee share ownership programmes;
- market-making under a liquidity agreement entered into with an investment services provider, in accordance with the market practices accepted by the French Financial Markets Authority (AMF); and/or
- retaining the shares and subsequently using them (as payment, in an exchange or otherwise) in connection with external growth, merger, demerger or contribution.

The purchase price per share may not exceed €700 (excluding expenses).

The number of shares that the Company may acquire may not exceed:

- retaining the shares and subsequently using them (as payment, in an exchange or otherwise) in connection with external growth, merger, demerger or contribution. 5% of the number of shares making up the Company's capital on the date of completion of these buybacks, i.e., as an indication at 31 December 2024, 26,715,601 shares for a maximum amount of €18,700,920,700;
- for shares acquired for another purpose: 10% of the number of shares making up the Company's share capital on the date of completion of these repurchases, i.e. as an indication at 31 December 2024, 53,431,202 shares for a maximum amount of €37,401,841,400; and
- it being understood that the Company may not, at any time, hold more than 10% of its own capital.

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

These transactions may be carried out at any time, in accordance with the regulations in force at the time of the transactions concerned, it being specified that in the event of a public offer being filed by a third party with regard to Company securities, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

The Annual General Meeting resolves that this authorisation would expire at the end of a period of eighteen months from this Annual General Meeting, and take effect on 23 October 2025, i.e., on the expiry of the current authorisation for the Company to repurchase its own shares, that expires on 22 October 2025.

The Board of Directors will have the option of allocating and reassigning to any of these objectives all the treasury shares currently held by the Company. Full powers are granted to the Board of Directors, with the option for it to delegate, for the implementation of this resolution and, more generally, to do anything that may be necessary.

8.1.2 Extraordinary meeting

Resolution 18: Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital by issuing ordinary shares, with preferential subscription rights for shareholders

Explanatory statement

The Annual General Meeting is asked to delegate to the Board of Directors its authority to increase the capital by issuing ordinary shares with preferential subscription rights. The total amount of capital increases that may be carried out in this way may not result in the share capital being increased from €106,862,404.20 on 31 December 2024 to more than €149,607,365.88. This ceiling corresponds to a maximum 40% increase of the share capital.

It will also be affected by any increases that may be carried out under the nineteenth resolution voted on at the Annual General Meeting of 23 April 2024, or the nineteenth, twentieth, twenty-first and twenty-second resolutions submitted to the vote of this Meeting.

There is no provision for any overallocation option.

This delegation will be valid for twenty-six months from the date of this Annual General Meeting, it being specified that in the event of a public offer being filed by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting. This delegation renders ineffective any prior delegation for the same purpose.

Eighteenth resolution: delegation of authority granted to the Board of Directors for the purpose of increasing the share capital by issuing ordinary shares with preferential subscription rights for shareholders

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors and in compliance with Articles L. 225-129 *et seq.* of the French Commercial Code, specifically Articles L. 225-129-2 and L. 22-10-49 of the French Commercial Code:

1. delegates to the Board of Directors its authority to decide on one or more capital increases by issuing ordinary shares in the Company. This delegation to the Board of Directors is valid for a period of twenty-six months from the date of this Annual General Meeting;
2. resolves that the total amount of capital increases that may be carried out in this way may not result in the share capital being increased from €106,862,404.20 on 31 December 2024 to more than €149,607,365.88. This ceiling corresponds to a maximum increase of 40% compared to the share capital as at 31 December 2024. This ceiling will also be affected by any increases that may be carried out under the nineteenth resolution voted on at the Annual General Meeting of 23 April 2024, or the nineteenth, twentieth, twenty-first and twenty-second resolutions submitted to the vote of this Meeting, it being specified that this total nominal amount does not take into account any adjustments that may be made in accordance with the applicable legal and regulatory provisions and, where applicable, with contractual obligations providing for other adjustments, in order to safeguard the rights of holders of free shares in particular;
3. resolves that, if the Board of Directors uses this delegation, the shareholders have preferential subscription rights for shares issued pursuant to this resolution, in proportion to their existing number of shares. If subscriptions as of right and, if applicable, in excess of those as of right, have not absorbed the entirety of a share issue, the Board of Directors may offer all or some of the unsubscribed securities to the public or limit the share capital increase to the amount of subscriptions, provided that the latter achieves at least three-quarters of the increase decided;
4. resolves that share capital increases may be carried out at any moment, in accordance with the regulations in force at the time. However, should a third party file a public offer with regard to the shares of the Company, the Board of Directors will not be able to use this delegation of authority during the offer period without prior authorisation of the General Meeting;
5. resolves that the Board of Directors will have full powers, with the ability to delegate further under the conditions provided for by law, to implement this delegation within the limits and under the conditions specified above, in order to establish the terms and conditions of the share capital increases and, in general, to carry out all acts and formalities, take any decisions and enter into any agreement that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation and record the final completion of the capital increase(s) made pursuant to this delegation and amend the Articles of Association accordingly; and
6. acknowledges that this delegation renders ineffective any prior delegation for the same purpose.

Resolution 19: Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital by capitalising premiums, reserves, profits or other amounts

Explanatory statement

The Annual General Meeting is asked to delegate to the Board of Directors its authority to increase the capital by capitalising premiums, reserves, profits or other amounts.

The maximum nominal amount of share capital increases that may be carried out in this way shall be equal to the total cumulative amount that may be capitalised and shall be included in the overall ceiling set out in the eighteenth resolution put before this Annual General Meeting or, as applicable, the ceiling set out in a similar resolution that may potentially succeed this eighteenth resolution during the valid period of this delegation.

If free shares are awarded, fractional attribution rights shall be neither tradeable nor transferable. The corresponding securities shall be sold, with the sale proceeds being awarded to the holders of these rights.

This delegation will be valid for twenty-six months from the date of this Annual General Meeting, it being specified that in the event of a public offer being filed by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

This delegation renders ineffective any prior delegation for the same purpose.

Nineteenth resolution: delegation of authority granted to the Board of Directors for the purpose of increasing the share capital by capitalising premiums, reserves, profits or other amounts

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Report of the Board of Directors and in compliance with the provisions of Articles L. 225-129 *et seq.* and L. 22-10-49, and L. 22-10-50 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to delegate further, its authority to decide to carry out one or more share capital increases by capitalising premiums, reserves, profits or other amounts that may be capitalised in the form of awarding free shares or raising the nominal value of existing shares, or by using both of these techniques. This delegation to the Board of Directors is valid for a period of twenty-six months from the date of this Annual General Meeting;
2. resolves that the maximum nominal amount of share capital increases that may be carried out in this way shall be equal to the total cumulative amount that may be capitalised and shall be included in the overall ceiling set out in the eighteenth resolution put before this Annual General Meeting or, as applicable, the ceiling set out in a similar resolution that may potentially succeed this eighteenth resolution during the valid period of this delegation. This total nominal amount does not take into account any adjustments that may be made in accordance with applicable laws and regulations and, where necessary, with contractual provisions for other adjustment scenarios, to protect the rights of holders of free shares and of share purchase and subscription options;
3. should the Board of Directors make use of this delegation, resolves that, where appropriate and in compliance with Article L. 22-10-50 of the French Commercial Code, fractional rights shall be neither tradeable nor transferable and that the corresponding securities shall be sold, with the sale proceeds being awarded to holders of these rights within the conditions and time frames set out in applicable regulations;
4. resolves that share capital increases may be carried out at any moment, in accordance with the regulations in force at the time. However, should a third party file a public offer with regard to the shares of the Company, the Board of Directors will not be able to use this delegation of authority during the offer period without prior authorisation of the General Meeting;
5. resolves that the Board of Directors will have full powers, with the ability to delegate further under the conditions provided for by law, to implement this delegation within the limits and under the conditions specified above, in order to establish the terms and conditions of the share capital increases and, in general, to carry out all acts and formalities, take any decisions and enter into any agreement that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation and record the final completion of the capital increase(s) made pursuant to this delegation and amend the Articles of Association accordingly; and
6. acknowledges that this delegation renders ineffective any prior delegation for the same purpose.

Resolution 20: Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital in order to remunerate the contributions in kind given to the Company in the form of equity securities or securities giving access to the share capital of third party companies

Explanatory statement

The Annual General Meeting is asked to delegate authority to the Board of Directors to increase the Company's share capital with a view to remunerating the contributions in kind given to the Company in the form of equity securities or securities giving access to the share capital of third party companies, outside of a public exchange offer, in order to carry out potential external growth transactions.

The Board will review the Capital Contributions Auditor's/s' Report and focus in particular on the value of contributions, if necessary.

The amount of the share capital increase(s) that may be carried out for this purpose would be limited to 2% of the capital on the day of the decision to increase the capital and included in the overall share capital increase ceiling set out in the eighteenth resolution put before this Meeting.

This delegation will be valid for twenty-six months from the date of this Annual General Meeting, it being specified that in the event of a public offer being filed by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

This delegation may result, by law, in the cancellation of preferential subscription rights for shareholders and remove any previous delegation for the same purpose.

Twentieth resolution: delegation of authority granted to the Board of Directors for the purpose of increasing the share capital in order to remunerate the contributions in kind given to the Company in the form of equity securities or securities giving access to the share capital of third party companies.

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors and in compliance with the provisions of Articles L. 225-129 *et seq.*, notably Article L. 225-147, and L. 22-10-49, and L. 22-10-53 of the French Commercial Code:

1. delegates to the Board of Directors, under the conditions provided for by law, the ability to carry out a share capital increase on one or more occasions, up to 2% of the capital on the day of the decision to increase it, on the basis of the Capital Contributions Auditor's Report mentioned in the first and second paragraphs of the aforementioned Article L. 225-147 if necessary, with a view to remunerating the contributions in kind given to the Company in the form of equity securities or securities giving access to the share capital by issuing, on one or more occasions, ordinary shares of the Company, if the provisions of Article L. 22-10-54 of the French Commercial Code do not apply;
2. resolves that the amount of the share capital increases that may be carried out pursuant to this resolution will be included in the overall capital increase ceiling set out in the eighteenth resolution of this Meeting or, as applicable, the ceiling set out in a similar resolution that may potentially succeed this eighteenth resolution during the valid period of this delegation;
3. resolves that in the event of a public offer being filed by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this delegation of authority during the public offer period without the prior authorisation of the Annual General Meeting;
4. acknowledges that, in compliance with the law, the shareholders shall have no preferential subscription rights to the shares issued under this delegation of authority;
5. resolves that the Board of Directors will have full powers, with the ability to delegate further under the conditions provided for by law, to implement this resolution, in particular in order to:

- decide for a share capital increase with remunerated contributions,
- decide on the list of contributed shares or securities, approve, on the basis of the Capital Contributions Auditor's Report mentioned in the first and second paragraphs of the aforementioned Article L. 225-147 if necessary, the valuation of the contributions, establish the terms and conditions of the share issue with remunerated contributions, as well as the amount of remuneration to be paid where appropriate, approve the awarding of specific benefits and their value, and reduce, subject to the consent of the contributors, the valuation of the contributions or the remuneration of specific benefits,
- record the completion of each share capital increase and amend the Articles of Association accordingly,
- deduct any share capital increase costs from the capital contribution premium and take from this amount the amounts necessary to supplement the legal reserve,
- more generally, take any and all measures and carry out any formalities that will facilitate the issue, listing and financial servicing of the shares issued under this delegation of authority,

6. sets the period of validity of this delegation of authority at twenty-six months as from the date of this Annual General Meeting; and
7. acknowledges that this delegation renders ineffective any prior delegation for the same purpose.

Resolutions 21 and 22: Delegations of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees and certain categories of employees internationally, with cancellation of the shareholders' preferential subscription rights

Explanatory statement

It is proposed to the Annual General Meeting, pursuant to the twenty-first resolution, to delegate the Board of Directors with the authority to decide on a capital increase in favour of the Group's employees who are members of an Employee Savings Scheme.

This delegation granted for a period of twenty-six months would enable the employees of Group companies to subscribe to L'Oréal shares, in France, by registering for the employee savings schemes.

In order for the Board to be able to implement, where applicable, a global employee share ownership programme under the best possible conditions, it is also proposed to the Annual General Meeting in the twenty-second resolution to delegate to the Board of Directors the authority to increase the share capital in favour of Group employees or categories of Group employees outside France.

This delegation granted for a period of eighteen months would make it possible to propose the subscription of L'Oréal shares to Group employees or categories of Group employees outside France, by adapting the conditions of the offering to local specificities.

Pursuant to the twenty-first resolution, the issue price may not be higher than the average of the trading prices recorded on the Euronext Paris market for the twenty trading days prior to the date of the decision setting the opening date of the subscription period; the discount may not exceed the legal maximum of 30%, it being specified that the Board of Directors, or its delegated agent, is expressly authorised, if he deems wise, to reduce or remove the discount.

Pursuant to the twenty-second resolution, the issue price would be determined under terms and conditions similar to those set for the twenty-first resolution, and could also be set taking into account the specific regime of an offering of shares in the Company carried out within the framework of a share ownership scheme governed by foreign law.

The Annual General Meeting is therefore asked, under the twenty-first and twenty-second resolutions, to delegate to the Board of Directors the authority to increase the share capital of the Company, on one or more occasions, within the limit of 1% of the share capital, which is, for information purposes at 31 December 2024 through the issue of 5,343,120 new shares; this ceiling being applicable jointly to the twenty-first and twenty-second resolutions. The amount of any share capital increases that may be carried out on the basis of the twentieth and twenty-first resolutions will be deducted from the amount of the overall ceiling of 40% of the share capital set out in the eighteenth resolution of this Meeting or, if applicable, from the ceiling set out in any similar resolution that may supersede this eighteenth resolution during the period of validity of this delegation.

Twenty-first resolution: delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of shareholders' preferential subscription rights

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors and the Special Report of the Statutory Auditors, and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code:

1. delegates to the Board of Directors the authority to decide to carry out, on one or more occasions, on its own decisions alone, in the proportions and at the times it may consider appropriate, the issuance of ordinary shares or securities giving access to the Company's capital reserved for employees, directors and corporate officers and eligible former employees, of the Company and of its French and foreign affiliates as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, who are subscribers of an Employee Savings Scheme;
2. resolves to cancel, in favour of the employees, directors, corporate officers and eligible former employees, of the Company and of its French and foreign affiliates as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, who are subscribers of an Employee Savings Scheme, the shareholders' preferential subscription rights to the shares or securities giving access to the Company's share capital; it being specified that the subscription of the shares or securities giving access to the Company's share capital issued on the basis of this resolution may be carried out through any employee investment fund and, in particular, a "structured" employee investment fund within the meaning of the regulations of the French Financial Markets Authority (AMF), or any other collective body authorised by the regulations;
3. sets the period of validity of this delegation of authority at twenty-six months as from the date of this Annual General Meeting, and acknowledges that this delegation renders ineffective the unused portion of any prior delegation for the same purpose; it being specified that in the event of filing of a public offer by a third party with regard to the Company's securities, the Board of Directors will not be able to use this authorisation during the public offer period without prior authorisation of the General Meeting;
4. resolves to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that could thus be carried out (namely, for information purposes, as at 31 December 2024, an increase in the share capital by a nominal amount of €1,068,624 by issuing 5,343,120 new shares); it being specified that the cumulative amount of the increases in share capital that may be carried out under this resolution and the twenty-second resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting, which constitutes a ceiling applicable jointly to the twenty-first and twenty-second resolutions;

5. resolves that the amount of the share capital increases that may be carried out pursuant to this resolution will be included in the overall ceiling set out in the eighteenth resolution of this Meeting or, as applicable, the ceiling set out in a similar resolution that may potentially supersede this eighteenth resolution during the period of validity of this delegation;
6. resolves that the subscription price may include a discount to the average of the trading prices on the Euronext Paris market for the twenty trading days prior to the date of the decision setting the opening date of the subscription period. Such discount may not exceed the legal maximum of 30% of this average, it being specified that the Board of Directors, or its delegate, if it deems appropriate, is expressly authorised to reduce or eliminate the discount, in particular to take into account market practices, legal and tax regimes applicable in the countries of residence of the beneficiaries of the capital increase;
7. resolves, pursuant to Article L. 3332-21 of the French Labour Code, that the Board of Directors will be able to provide for the free grant to the beneficiaries specified above of shares that have already been issued or are to be issued, for the employer contribution that may be paid pursuant to the Employee Savings Scheme regulations, and/or in respect of the discount, provided that, after taking into account their equivalent monetary value, valued at the subscription price, this does not have the effect of exceeding the limits provided for in Articles L. 3332-11 and L. 3332-19 of the French Labour Code;
8. resolves that the Board of Directors will have full powers with the ability to delegate further under the conditions provided for by law, to implement this delegation of authority within the limits and under the conditions specified above, in particular in order to:
   - set the conditions that must be met by the employees and eligible former employees to be able to subscribe, individually or through an employee investment fund, to the shares issued pursuant to this delegation,
   - decide on the list of companies whose employees may benefit from the issue,
   - decide on the amount to be issued, the features, where applicable, of the securities giving rights to the Company's capital, the issue price, the dates of the subscription period and the terms and conditions of each issue,
   - set the time period allotted to the beneficiaries to pay up their securities and the payment terms,
   - set the date, even with retrospective effect, as of which the new shares will carry dividend rights,
   - deduct, where applicable, the costs, taxes and fees of such issues from the amount of the share premiums and deduct, where applicable, from the amounts of the share premiums, the amounts required to increase the legal reserve to the level required by the French legislation and regulations in force, and, in the event of an issue of new free shares granted in respect of the employer contribution and/or discount, to deduct, where applicable, the sums necessary for paying up such shares from the reserves, profits or share premiums of its choice, and
   - in general, carry out all acts and formalities, take any decisions and enter into any agreements that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation of authority and record the final completion of the capital increase(s) made pursuant to this delegation of authority and amend the Articles of Association accordingly.

Twenty-second resolution: delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of preferential subscription rights, within the scope of an employee share ownership plan

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors and the Special Report of the Statutory Auditors, and acting in accordance with the provisions of Articles L. 225-129-2 and L. 225-138 of the French Commercial Code:

1. delegates to the Board of Directors the authority to decide to increase the Company's share capital, on one or more occasions, in the proportions and at the times it may consider appropriate, through the issue of shares or securities giving access to the Company's capital with cancellation of shareholders' preferential subscription rights in favour of the beneficiaries defined below;
2. resolves to cancel shareholders' preferential subscription rights to the shares and securities giving access to the Company's capital issued within the scope of this delegation of authority and to reserve the right to subscribe them to one or several categories of beneficiaries meeting the following characteristics: (i) employees, directors and corporate officers of affiliates of the Company under the conditions of Article L. 225-180 of the French Commercial Code and Article L. 3341-1 of the French Labour Code and which have their headquarters outside France and/or (ii) for UCITS or other entities governed by French or foreign law, whether or not they constitute a legal person, of employee share ownership schemes invested in shares of the Company whose unitholders or shareholders will consist of the persons mentioned in paragraph (i) or enabling the persons mentioned in paragraph (i) to benefit, either directly or indirectly, from a Company employee share ownership plan or employee share savings scheme;
3. sets the period of validity of this delegation of authority at eighteen months as from the date of this Annual General Meeting, and notes that this delegation renders ineffective the unused portion of any prior delegation for the same purpose; it being specified that in the event of filing of a public offer by a third party with regard to the Company's securities, the Board of Directors will not be able to use this authorisation during the public offer period without prior authorisation of the Annual General Meeting;

4. resolves that the issue price of the new shares, to be issued pursuant to this delegation of authority, will be set, (i) on the basis of an average of the trading prices on the Euronext Paris market for the twenty trading days prior to the date of the decision of the Board of Directors or the Chief Executive Officer, setting the opening date of the subscription period, with a maximum discount of 30%, and/or (ii) at the same price as decided on the basis of the twentieth resolution at the time of a simultaneous transaction, and/or (iii) in accordance with the terms and conditions for setting the subscription price for the Company's shares taking into account the specific regime of an offering of shares in the Company that would be carried out within the framework of a share ownership scheme governed by foreign law, and in particular within the scope of a Share Incentive Plan in the United Kingdom or a 401k or 423 plan in the United States;
5. resolves to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that could be carried out (namely, for information purposes, as at 31 December 2024, an increase in the share capital by a nominal amount of €1,068,624 by issuing 5,343,120 new shares); it being specified that the cumulative amount of the increases in share capital that may be carried out under this resolution and the twenty-first resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting, which constitutes an overall ceiling applicable to the twenty-first and twenty-second resolutions;
6. resolves that the amount of the share capital increases that may be carried out pursuant to this resolution will be included in the overall ceiling set out in the eighteenth resolution of this Meeting or, as applicable, the ceiling set out in a similar resolution that may potentially supersede this eighteenth resolution during the period of validity of this delegation;
7. resolves that the Board of Directors will have full powers, to delegate further under the conditions provided for by law, with the possibility to delegate authority on one or more occasions, in particular in order to:
   - decide on the list of beneficiaries, from one or more categories defined above, or the categories of employees who will be beneficiaries of each issue and the number of shares to be subscribed to by each of them,
   - determine the formulas and methods of subscription which will be presented to the employees in each country concerned, in light, where applicable, of the local legal constraints that apply, and select the countries chosen from those in which the Group has subsidiaries as well as such subsidiaries whose employees will be able to participate in the transaction,
   - decide on the maximum number of shares to be issued, within the limits set by this resolution and record the final amount of each capital increase and amend the Articles of Association accordingly;
   - decide on the dates and any other terms and conditions of such a share capital increase under the conditions provided for by law,
   - deduct the costs of such an increase in capital from the amount of the related share premiums and take from this amount the amounts necessary to increase the legal reserve to one-tenth of the new amount of the share capital resulting from such an increase, and
   - in general, carry out all acts and formalities, take any decisions and enter into any agreements that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation of authority and record the final completion of the capital increase(s) made pursuant to this delegation of authority and amend the Articles of Association accordingly.

Resolutions 23 and 24: Amendments to Articles 9 and 12 of the Articles of Association following changes introduced under France's "Attractiveness Act" (law no. 2024-537 of 13 June 2024)

Explanatory statement

The Board of Directors is inviting the Annual General Meeting:

- in the twenty-third resolution, to amend **Article 9 of the Company's Articles of Association ("Deliberations of the Board of Directors**") to enable the Board of Directors to use, in its decision-making procedures, the possibilities offered under (i) France's "Attractiveness Act" (law no. 2024-537 of 13 June 2024), which is aimed at increasing the financing of businesses and France's attractiveness to international investors, and (ii) Decree no. 2024-904 of 8 October 2024 relating to the implementation of measures to modernise the procedures for meetings and consultations of the decision-making bodies of certain types of commercial companies. This amendment entails removing from the Articles of Association the former provisions relating to participating in Board meetings by videoconference or telecommunications facilities. The Board is also proposing that Article 9 of the Articles of Association be amended to provide a framework, as required by the aforementioned law, for voting by correspondence or via written consultation of the Directors. As a matter of principle, however, the Board of Directors prefers its members to physically attend meetings of the Board and its Committees;
- in the twenty-fourth resolution, to amend Article 12 of the Company's Articles of Association ("General rules" concerning General Meetings). This amendment entails removing from the Articles of Association the former provisions relating to broadcasting General Meetings so that the provisions of France's "Attractiveness Act" and its implementing decree can be fully applied.

Twenty-third resolution: Amendments to Article 9 of the Articles of Association relating to the deliberations of the Board of Directors, in order to enable use of the modernisation measures introduced under France's "Attractiveness Act" (law 2024-537 of 13 June 2024) and its implementing decree

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors, resolves to amend Article 9 of the Company's Articles of Association relating to the Board's decision-making procedures, as follows:

Current wording of Article 9 of the Articles of Association	Proposed new wording of Article 9 of the Articles of Association
§ 2 - The Board of Directors meets when convened by its Chairman as often as this is deemed necessary in the interest of the Company.	§ 2 - The Board of Directors meets when convened by its Chairman as often as this is deemed necessary in the interest of the Company.
Board meetings are held either at the registered office or at any other place indicated by the author(s) of the notice to attend.	Board meetings are held either at the registered office or at any other place indicated by the author(s) of the notice to attend.
Notices to attend meetings may be issued by any means and may even be issued verbally.	Notices to attend meetings may be issued by any means and may even be issued verbally.
	Any Director may be represented at these meetings or may vote by correspondence on each of the decisions submitted to the vote of the Board.
In accordance with legal and regulatory provisions and subject to the limitations stipulated by these provisions, directors participating in Board meetings by means of videoconference or telecommunication facilities are deemed to be present for the purpose of quorum and majority calculations.	~~**In accordance with legal and regulatory provisions and subject to the limitations stipulated by these provisions, Directors participating in Board meetings by means of videoconference or telecommunication facilities are deemed to be present for the purpose of quorum and majority calculations.**~~
The Board of Directors may also take the decisions listed in the regulations by written consultation of the Directors.	~~**The Board of Directors may also take the decisions listed in the regulations by written consultation of the Directors.**~~
Sessions are held under the chairmanship of the Chairman of the Board of Directors.	Sessions are held under the chairmanship of the Chairman of the Board of Directors.
If the Chairman is absent, the session is led by the director specially elected for this purpose by the Board members present at the meeting; if the votes are equal for this election, the session is chaired by the oldest of the candidates.	If the Chairman is absent, the session is led by the Director specially elected for this purpose by the Board members present at the meeting; if the votes are equal for this election, the session is chaired by the oldest of the candidates.
	§3 - Decisions of the Board of Directors may be taken by written consultation, including electronically.
	In such a case, the Chairman sends proposed decisions to all of the Directors in writing, together with the background information required for the decision concerned. These documents may be sent electronically. The proposal must give each Director the opportunity to reply "for" or "against", to abstain, or to make any comments. Directors are requested to respond to the proposal within five (5) business days from the date on which the consultation is sent or within any shorter timeframe set by the Chairman if the context and nature of the decision so require. The absence of a response shall be deemed to constitute non-participation.
	Any Director may object to this decision-making method within the timeframe stated when the proposed decision was sent.

Twenty-fourth resolution: Amendments to Article 12 of the Articles of Association relating to the "General rules" about General Meetings in order to align them with France's "Attractiveness Act" (law no. 2024-537 of 13 June 2024)

The Annual General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors, resolves to amend Article 12 of the Articles of Association relating to the rules for broadcasting General Meetings, as follows:

Current wording of Article 12 of the Articles of Association	Proposed new wording of Article 12 of the Articles of Association
[...]	[...]
All Meetings are held either at the registered office, or at any other place in the same administrative departement, or at the Company's administrative headquarters in Clichy (Hauts-de-Seine, France), 41, rue Martre, on the day and time, and in the place indicated in the notice to attend.	All Meetings are held either at the Company's registered office, or at any other place in the same département, or at the Company's administrative headquarters in Clichy (Hauts-de-Seine, France), 41, rue Martre, on the date, at the time, and in the place indicated in the notice to attend.
Notices to attend are issued by an announcement inserted both in one of the publications authorised to carry legal announcements in the administrative departement of the registered office and in the *Bulletin des Annonces Légales Obligatoires* (BALO), the Official Gazette, with prior notification to the *Autorité des marchés financiers* (AMF), the French securities regulator.	Notices to attend are issued by an announcement inserted both in one of the publications authorised to carry legal announcements in the administrative département of the registered office and in the *Bulletin des Annonces Légales Obligatoires* (BALO), the Official Gazette, with prior notification to the French securities regulator (*Autorité des marchés financiers* – AMF).
If the Board of Directors so decides when the Meeting is called, public coverage of the whole Meeting by videoconference or by any other telecommunication or remote transmission means including the Internet is authorised.	~~**If the Board of Directors so decides when the Meeting is called, public coverage of the whole of the Meeting by videoconference or by any other telecommunication or remote transmission means including the Internet is authorised.**~~
If this decision is taken, it is communicated in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO).	~~**If this decision is taken, it is communicated in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO).**~~
Shareholders holding registered shares are given notice to attend by a letter sent by post, which is registered if they so request and if they advance the corresponding cost.	Shareholders holding registered shares are given notice to attend by a letter sent by post, which is registered if they so request and if they advance the corresponding cost.
[...]	[...]

Resolution 25: Powers for formalities

Explanatory statement

This resolution is intended to grant the powers necessary to carry out all formalities resulting from the Annual General Meeting.

Twenty-fifth resolution: Powers for formalities

The Annual General Meeting grants full powers to the bearer of an original, copy or extract of these minutes to accomplish all legal and administrative formalities, and to make all filings and announcements prescribed by law.

8.2 Statutory Auditors' reports

8.2.1 Statutory Auditors' report on the issue of shares or securities granting access to the company's share capital reserved for members of an employee savings scheme

Ordinary and Extraordinary Annual General Meeting of April 29, 2025 – Twenty-first resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Oréal,

In our capacity as the Statutory Auditors of your company (the "Company") and in accordance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares or securities granting access to the Company's share capital, with cancelation of preferential subscription rights, reserved for employees, corporate officers and eligible former employees of your Company and of French and non-French entities related to your Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (*Code du travail*), who are members of a Company employee savings scheme, a matter submitted for your approval.

This transaction is submitted for your approval in accordance with the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code.

The maximum par value amount of share capital increases that may be performed immediately or in the future pursuant to this delegation is set at 1% of the share capital on the date of this Annual General Meeting, it being specified that:

- the aggregate amount of the share capital increases that may be carried out, either immediately or in the future, under this resolution and the twenty-second resolution may not exceed 1% of the share capital as at the date of this Annual General Meeting, which represents a common limit for both these resolutions, and;
- the amount of any share capital increases that may be carried out, either immediately or in the future, under this resolution, will count towards the maximum limit for share capital increases set in the eighteenth resolution presented to this Shareholders' Meeting.

On the basis of its report, the Board of Directors invites you to delegate, for a period of twenty-six months as from the date of this Annual General Meeting, the authority to decide to undertake one or more share capital increases and to cancel your preferential subscription rights to the shares or securities to be issued. The Board of Directors would be responsible for setting the final terms and conditions of any such issue.

It is the role of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of preferential subscription rights and on certain other information relating to the issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report relating to the transaction and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of each proposed issue, we have no matters to report with regard to the methods used to set the issue price of the securities to be issued as presented in the Board of Directors' report.

Since the final terms and conditions of the issue(s) have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders' preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue ordinary shares or securities granting access to other securities, or issue securities granting access to securities to be issued.

Paris La Défense, March 14, 2025

The Statutory Auditors

French original signed by

Deloitte & Associés	Ernst & Young Audit
David Dupont-Noel	Céline Eydieu-Boutte

8.2.2 Statutory Auditors’ report on the issue of shares and securities granting access to the company’s share capital reserved for categories of beneficiaries consisting of employees of foreign subsidiaries within the scope of an employee share ownership program

Ordinary and Extraordinary Annual General Meeting of April 29, 2025 – Twenty-second resolution

This is a free translation into English of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L’Oréal,

In our capacity as the Statutory Auditors of your company (the “Company”) and in accordance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares or securities granting access to the Company’s share capital, with cancelation of preferential subscription rights, reserved for one or more categories of beneficiaries meeting the following characteristics: (i) employees and corporate officers of entities related to the Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3341-1 of the French Labor Code (*Code du travail*), which have their registered office outside France and/or (ii) UCITS or other entities governed by French or non-French law, whether or not they have legal personality, established for the purposes of employee share ownership programs invested in shares of the Company whose unitholders or shareholders will consist of the persons defined in (i) or enabling the persons defined in (i) to benefit, either directly or indirectly, from an employee share ownership or Company employee share savings program, a matter submitted for your approval.

The maximum par value amount of share capital increases that may be performed immediately or in the future pursuant to this delegation is set at 1% of the share capital on the date of this Annual General Meeting, it being specified that:

- the aggregate amount of the share capital increases that may be carried out, either immediately or in the future, under this resolution and the twenty-first resolution may not exceed 1% of the share capital as at the date of this Annual General Meeting, which represents a common limit for both these resolutions;
- the amount of any share capital increases that may be carried out, either immediately or in the future, under this resolution, will count towards the maximum limit for share capital increases set in the eighteenth resolution presented to this Shareholders’ Meeting.

On the basis of its report, the Board of Directors invites you to delegate, for a period of eighteen months as from the date of this Annual General Meeting, the authority to decide to undertake one or more share capital increases and to cancel your preferential subscription rights to the shares or securities to be issued. The Board of Directors would be responsible for setting the final terms and conditions of any such issue.

It is the role of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of preferential subscription rights and on certain other information relating to the issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors’ report relating to the transaction and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of each proposed issue, we have no matters to report as regards the methods used to set the issue price of the securities to be issued as presented in the Board of Directors’ report.

Since the final terms and conditions of the issue(s) have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders’ preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue ordinary shares or securities granting access to other securities, or issue securities granting access to securities to be issued.

Paris La Défense, March 14, 2025

The Statutory Auditors

French original signed by

Deloitte & Associés	Ernst & Young Audit
David Dupont-Noel	Céline Eydieu-Boutte

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AFR *This information is an integral part of the Annual Financial Report.*

9.1 Statutory Auditors AFR

Statutory Auditors	Current appointments Date of first appointment	Date of appointment	Term of office	Expiry date
Deloitte & Associés Statutory Auditor, member of the Compagnie Régionale de Versailles, represented by David Dupont-Noel 6, place de la Pyramide 92908 Paris-La Défense Cedex (France)	29 April 2004	21 April 2022	6 years	Annual General Meeting to be called in 2028 to approve the 2027 financial statements
Ernst & Young Statutory Auditor, member of the Compagnie Régionale de Versailles et du Centre, represented by Céline Eydieu-Boutte Tour First TSA 14444 92037 Paris-La Défense Cedex (France)	21 April 2022	21 April 2022	6 years	Annual General Meeting to be called in 2028 to approve the 2027 financial statements

Fees accruing to auditors and members of their networks payable by the Group: see note 16 of the Consolidated financial statements in chapter 5 of this document.

9.2 Historical financial information incorporated by reference

In accordance with Article 19 of European regulation EU No. 2017/1129 of 14 June 2017, this 2024 Universal Registration Document incorporates the following information by reference:

- the consolidated financial statements for the financial year ended 31 December 2022 prepared in accordance with IFRS and the accompanying Statutory Auditors' Report presented on pages 313 to 316 of the 2022 Universal Registration Document, filed with the French Financial Markets Authority (AMF) on 16 March 2023 under number D. 23-0098, and the information taken from the 2022 Management Report presented on pages 36 to 45 of the 2022 Universal Registration Document;
- the consolidated financial statements for the financial year ended 31 December 2023 prepared in accordance with IFRS and the accompanying Statutory Auditors' Report presented on pages 356 to 360 of the 2023 Universal Registration Document, filed with the French financial markets authority (AMF) on 19 March 2024 under number D.23-0098, and the information taken from the 2023 Management Report presented on pages 39 to 49 of the 2023 Universal Registration Document.

9.3 Statement by the person responsible for the Universal Registration Document and the Annual Financial Report AFR

Person responsible for the Universal Registration Document and the Annual Financial Report: Christophe Babule, Chief Financial Officer, on the authority of L'Oréal's Chief Executive Officer, Nicolas Hieronimus.

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and that there is no omission likely to alter its scope.

I certify that, to the best of my knowledge, the annual and consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and of all its consolidated subsidiaries, and that the Management Report the content of which is detailed in the cross-reference table available in section 9.7, provides a true and fair view of the evolution and results of the business and of the financial position of the Company and of all its consolidated subsidiaries, as well as a description of the main risks and uncertainties they face, and that it has been prepared in accordance with applicable sustainability reporting standards."

Clichy, 20 March 2025

On the authority of the Chief Executive Officer,

Christophe Babule,

Chief Financial Officer

9.4 Cross-reference table with the Universal Registration Document

In order to facilitate the reading of this Universal Registration Document, the following table provides the page references of the main information required by Annexes 1 and 2 of European Delegated Regulation No. 2019/980, completing the European regulation No. 2017/1129.

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9.5 Annual Financial Report cross-reference table

In order to facilitate the reading of the Annual Financial Report (*Rapport Financier Annuel*), the following table provides the page references of the main information required by Article L. 451-1-2 of the French Monetary and Financial Code and by Article 222-3 of the General Regulation of the French Financial Markets Authority (AMF).

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7. Statutory Auditors' fees	341-342

9.6 Cross-reference table with the AMF tables on the remuneration of corporate officers

The following thematic table has been prepared in order to make it possible to look at the information provided on remuneration from the perspective of the presentation in the form of 11 tables recommended by the AMF in its guide for preparing universal registration documents published on 5 January 2022 (see also AFEP-MEDEF Code).

Tables with regard to remuneration provided for in the AMF's recommendations	Pages
Table 1. Summary of the remuneration, stock options and shares granted to each corporate officer	135 section 2.4.4, 2nd table 136 section 2.4.5, 2nd table
Table 2. Summary of the remuneration of each corporate officer	135 section 2.4.4 1st table 136 section 2.4.5 1st table
Table 3. Remunerations granted to Directors and other remuneration received by non-executive directors and corporate officers	124
Table 4. Stock options for the subscription or purchase of shares granted during the financial year to each corporate officer by the issuer and by any Group company	N/A
Table 5. Stock options for the subscription or purchase of shares exercised during the financial year by each corporate officer	135 section 2.4.4 136 section 2.4.5
Table 6. Shares granted free of charge to each corporate officer	136 1st table 137 1st table
Table 7. Shares granted free of charge that have vested for each corporate officer	135 section 2.4.4 136 section 2.4.5
Table 8. History of grants of stock options for the subscription or purchase of shares	136 1st table 137 1st table
Table 9. Stock options granted to the ten employees who are not corporate officers receiving the largest number, and options exercised by them	394-395
Table 10. Historical information on free grants of shares	398, 136 1st table, 137 1st table
Table 11. Commitments related to the termination of the functions of corporate officer	135

9.7 Management Report cross-reference table

In order to review the elements of the Management Report, the following topic-based table makes it possible to identify the main information provided for by Articles L. 225-100 *et seq.*, L. 22-10-35, L. 22-10-36, L. 232-1 and R. 225-102 *et seq.* of the French Commercial Code and the specific section of the Management Report on corporate governance pursuant to Articles L. 225-37, paragraph 6 *et seq.*, L. 22-10-8 *et seq.* of the French Commercial Code.

Components of the 2024 Management Report	Main references	Pages
Group situation and activity in 2024		
Situation of the Company during the previous financial year and objective and exhaustive analysis of the business development, results and financial situation of the Company and the Group, in particular its debt situation, in relation to the volume and complexity of business	Articles L. 232-1, II, 1 L. 233-6 and L. 33-26 of the French Commercial Code	38-46
Key financial performance indicators	Articles L. 232-1, II-4° and L. 233-26 of the French Commercial Code	16-17, 19-20, 26-29
Key non-financial performance indicators relating to the Company and the Group's specific activity	Articles L. 232-1, II-4° and L. 233-26 of the French Commercial Code	22, 28-29, 50-51, 187-280
Significant events since the beginning of the financial year	Articles L. 232-1, II-1° and L. 233-26 of the French Commercial Code	47-48
Company and Group foreseeable trends and outlooks	Articles L. 232-1, II-1° and L. 233-26 of the French Commercial Code	48
Identity of the main shareholders and voting rights holders in the General Meeting, and modifications during the fiscal year	Articles L. 233-13 of the French Commercial Code	391
Existing branch offices	Articles L. 232-1, II-3° and L. 233-26 of the French Commercial Code	15
Significant acquisitions during the financial year of equity interests in companies which have their registered office in France	Article L. 233-6 paragraph 1 of the French Commercial Code	379
Disposal of cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	N/A
Research and Development activities (and operations)	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	31-36
Table of Company results over the past five fiscal years	Article R. 225-102 of the French Commercial Code	378
Information on supplier and customer payment terms	Article D. 441-6 of the French Commercial Code	377
Intragroup loans granted and statement by the Statutory Auditors	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	N/A
Information on essential intangible assets	Article L. 232-1, II, 7	8-36, 237-247
Risks factors, internal control and risk management		
Description of the main risks and uncertainties faced by the Company	Article L. 232-1, II-5° of the French Commercial Code	173-185
Information on the objectives and policy regarding the hedging of each main category of transactions and on the exposure to price, credit, liquidity and treasury risks, including the use of financial instruments	Article L. 232-1, II-6° of the French Commercial Code	185,327-331
Anti-corruption policy	Law 2016-1691 of 9 December 2016 ("Sapin II")	149-151
Vigilance Plan and update on its effective implementation	Article L. 225-102-4 of the French Commercial Code	155-172
Impact of activities on combating tax evasion	Article L. 22-10-25, 1°	151-152
Information of actions aimed at promoting the link between the nation and the armed forces	Article L. 22-10-25, 2°	145

Components of the 2024 Management Report	Main references	Pages
Corporate governance		
Information on remuneration		
Remuneration policy for corporate officers	Article L. 22-10-8, I., paragraph 2 of the French Commercial Code	108-123
Remuneration and benefits in kind paid during or awarded in respect of the financial year to each corporate officer	Article L. 22-10-9, I., 1° of the French Commercial Code	124-130
Relative proportion of the fixed and variable remuneration	Article L. 22-10-9, I., 2° of the French Commercial Code	113
Use of the "claw back" possibility to claim the return of variable remuneration	Article L. 22-10-9, I., 3° of the French Commercial Code	N/A
Commitments of any kind made by the Company for the benefit of its directors and corporate officers, corresponding to elements of remuneration, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in their duties, or thereafter	Article L. 22-10-9, I., 4° of the French Commercial Code	132-134
Remuneration paid or granted by a company included in the scope of consolidation pursuant to Article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I., 5° of the French Commercial Code	N/A
Ratios between the remuneration of each corporate officer and the average and median remunerations of the Company employees	Article L. 22-10-9, I., 6° of the French Commercial Code	131-132
Annual change in the remuneration, the Company's performances, the average remuneration of the Company employees and the above-mentioned ratios over the five past financial years	Article L. 22-10-9, I., 7° of the French Commercial Code	131-132
Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the Company and the way the performance criteria has been applied	Article L. 22-10-9, I., 8° of the French Commercial Code	108-110, 124-130
Manner in which the vote of the last ordinary general meeting provided for by I of Article L. 22-10-34 of the French Commercial Code has been taken into account	Article L. 22-10-9, I., 9° of the French Commercial Code	106-108
Derogation from the remuneration policy and any other derogations	Article L. 22-10-9, I., 10° of the French Commercial Code	122-123
Application of Article L. 225-45, paragraph 2 of the French Commercial Code (suspension of payment of directors' remuneration in the event of failure to comply with gender balance on the Board of Directors)	Article L. 22-10-9, I., 11° of the French Commercial Code	N/A
Attribution and retention of stock options by directors and corporate officers	Article L. 225-185 of the French Commercial Code	135-137
Attribution and retention of free share grants to corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	135-137
Information on governance		
List of all terms of office and functions held in any company by each director and corporate officer during the financial year	Article L. 225-37-4 , 1° of the French Commercial Code	66-79
Agreements between an Executive Officer or a major shareholder and a subsidiary	Article L. 225-37-4 , 2° of the French Commercial Code	N/A
Table summarising the authorisations in force in respect of capital increases, as granted by the Annual General Meeting	Article L. 225-37-4 , 3° of the French Commercial Code	388-389
Procedures for exercising the General Management	Article L. 225-37-4 , 4° of the French Commercial Code	54-56
Composition, preparation and operating methods of the Board of Directors	Article L. 22-10-10, 1° of the French Commercial Code	57, 84-94
Description of the diversity policy, objectives and results applied to Board members (including application of the principle of balanced representation of women and men on the board)	Article L. 22-10-10, 2° of the French Commercial Code	58-65
Limits provided by the Board of Directors on Chief Executive Officer's powers	Article L. 22-10-10, 3° of the French Commercial Code	99
Reference to the AFEP-MEDEF Code of Corporate Governance and application of the comply or explain principle	Article L. 22-10-10, 4° of the French Commercial Code	54, 137
Specific conditions related to shareholders' attendance at the Annual General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	387
Description and implementation of the evaluation procedure of non-regulated agreements	Article L. 22-10-10, 6° of the French Commercial Code	85, 91, 105

Components of the 2024 Management Report	Main references	Pages
Information that may have an impact in the event of a takeover bid or exchange offer		
Shareholders' agreements relating to the securities comprising the Company's share capital	Article L. 22-10-11 of the French Commercial Code	391-393
Internal control and risk management procedures implemented by the Company and the Groupe, related to preparation and processing of financial and accounting information	Article L.22-10-10, 7° of the French Commercial Code	153-154
Share ownership and capital		
Structure and change in Company capital and threshold notifications	Article L. 233-13 of the French Commercial Code	391-392
Acquisition and disposal by the Company of treasury shares	Article L. 225-211 of the French Commercial Code	393
Employee share ownership	Article L. 225-102 paragraph 1 of the French Commercial Code	391-392
Possible adjustments for securities giving access to share capital in case of buybacks of shares or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	N/A
Information on trading by directors and corporate officers and related persons in Company securities	Article L. 621-18-2 of the French Commercial Code	138
Amount of dividends paid out in respect of the three previous fiscal years	Article 243 *bis* of the French Tax Code	21, 400
Sustainability report	Articles L. 233-28-4 of the French Commercial Code	See cross-reference tables, 4.15
Other information		
Additional tax information	Articles 223 *quater* and 223 *quinquies* of the French Tax Code	376
Injunctions or financial penalties in respect of anti-competitive practices	Article L. 464-2 of the French Commercial Code	338

9.8 Glossary

Ownership structure: shareholders, whether individuals or legal entities, of L'Oréal, who own a portion of the capital of the company in the form of shares (see sections 1.1.3 and 7.3).

Registered shares: shares registered in the shareholder's own name, enabling the issuing company to identify them by name. Pursuant to Article 15 of the Articles of Association of L'Oréal, any shareholder who can prove at the end of a financial year, that shares have been registered in their name for at least two calendar years and that they continue to be registered in their name at the date of payment of the dividend paid for that financial year, will be entitled to a preferential dividend on the shares that are thus registered, equal to 10% of the dividend.

French financial markets authority (*Autorité des marchés financiers* – AMF): an independent, public, stock-market authority, which is responsible for the protection of savings invested in financial products, investor information and the proper functioning of the markets.

Beauty Tech: Seamless fusion of beauty and cutting-edge technology, catalysing innovative changes in the beauty industry and elevating customer engagement thanks to unparalleled and enhanced beauty experiences (see sections 1.1.2. and 1.3.3.).

BOLD (Business Opportunities for L'Oréal Development): The L'Oréal Groupe's strategic investment fund, which invests in disruptive startups in the beauty value chain. BOLD's mission is to support L'Oréal's Sense of Purpose, accelerating Group-wide ambitions by gaining early access to innovative brands and technologies. BOLD's investment portfolio is structured around four key verticals with a global geographic scope: beauty brands, beauty platforms, tech for beauty and science for beauty.

Market capitalisation: the market value of a company at a given moment. It is calculated by multiplying the market price by the number of shares comprising the share capital. At 31 December 2024, the market capitalisation of L'Oréal was €183 billion.

CDP (formerly the "Carbon Disclosure Project"): an independent, recognised, international not-for-profit organisation, offering a system for assessing a company's strategy, initiatives and results in the fight against climate change, sustainable water management and forest protection.

Code of Ethics: available in 30 languages, and as an audiobook in French and English, it is distributed to all employees worldwide. It enables employees to understand how Ethical Principles (Integrity, Respect, Courage and Transparency) need to be reflected in their behaviour and actions, by providing simple rules and a description of concrete situations they may encounter. The Code of Ethics applies to all employees, directors and corporate officers and members of the Executive and Management Committees of the Group and its subsidiaries worldwide.

AFEP-MEDEF Code: a code of corporate governance comprising a set of recommendations drawn up by the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF), following consultation with various market stakeholders on corporate governance issues. L'Oréal refers to this Code.

Specialised Committees of the Board of Directors: the Board of Directors has set up four Committees to help prepare its work: the Strategy and Sustainability Committee, the Audit Committee, the Human Resources and Remuneration Committee and the Nominations and Governance Committee. The duties of these Committees are set out in detail in section 2.3.3.

Consolidated financial statements: the consolidated financial statements include the financial statements of all the companies within the L'Oréal Groupe.

Financial statements: the parent company financial statements correspond to the annual financial statements of the Company, L'Oréal SA (the parent company).

Board of Directors: the collegiate body that defines the Company's business strategy and monitors its implementation, in accordance with its corporate interest, taking into consideration the social and environmental challenges associated with its business activity.

Create the beauty that moves the world: L'Oréal's Sense of Purpose (*raison d'être*). It is defined in concrete actions made to consumers, employees, clients, suppliers, shareholders, service providers and communities. L'Oréal is committed to fighting climate change, by respecting biodiversity and preserving natural resources, and to championing the cause of women. A full explanation of L'Oréal's Sense of Purpose is given in section 1.1.1.

CSRD (Corporate Sustainability Reporting Directive): Directive (EU) 2022/2464 of 14 December 2022 on sustainability reporting standards. L'Oréal publishes the disclosures required by the CSRD in chapter 4 (Sustainability Report). Certain sections of other chapters are incorporated by reference in the Sustainability Report

Preferential dividend: a dividend increase equal to 10% of the dividend granted to any shareholder who can prove at the end of a financial year, that shares have been registered in their name for at least two calendar years and that they continue to be registered in their name at the date of payment of the dividend (see "Registered Shares").

Risk factors: risks specific to L'Oréal that are key to making informed investment decisions (see section 3.6.3).

L'Oréal Foundation: corporate foundation, founded by L'Oréal. The Foundation focuses its work on three key areas of commitment. It works alongside women scientists (Science Commitment), supports thousands of women facing physical, psychological or social hardships (Inclusive Beauty Commitment) and is involved with innovative projects run by women who are responding to the climate emergency (Women and the Climate Commitment).

L'Oréal for Youth: a comprehensive, long-term programme launched in 2021, which aims to support the employment of young people and improve their employment prospects. The Group aims to increase career opportunities for young people under the age of 30, offering training content and coaching or mentoring initiatives. L'Oréal also grants scholarships to support students from disadvantaged backgrounds (see section 4.7.4.2.1).

L'Oréal for the Future: The programme was launched in June 2020 with sustainable development objectives (see sections 1.4.2 and 4.1.2).

Operations: a functional division that harnesses the most specialised, agile, effective and connected technological expertise, from packaging design and product development, sourcing and production through to distribution of all the Group's products. With its brands, it contributes to offering consumers worldwide the most advanced cosmetics products and services. It guarantees consumers compliance with strict standards of quality, safety, security, societal and environmental responsibility worldwide.

Sense of Purpose (*raison d'être*): see "Create the beauty that moves the world" (see section 1.1.1).

CSR: corporate social, societal and environmental responsibility (see chapter 4 in particular).

Share & Care: a programme created in 2013 and deployed at all our subsidiaries that offers employees a set of benefits organised around four pillars, which were renewed in 2021: social protection, healthcare, work/life balance and the working environment (see section 4.7.1.2).

Company: the Company is the parent company, L'Oréal SA (see section 7.1).

Supply chain: the process of planning, executing and monitoring all activities relating to flows of materials and information, the purchase of raw materials, the intermediate processing of the product and its delivery to the end customer.

Social selling: the practice of using social networks to find new customers and/or sell products.

TSR (Total Shareholder Return): the rate of return of a share over a given period, combining dividends and capital gains.

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AS A "SOCIÉTÉ ANONYME"
WITH REGISTERED CAPITAL
OF €106,862,404.20
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