L'ORÉAL

CONVENING NOTICE

ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING

ON THURSDAY, APRIL 18TH 2019 AT 10.00 A.M
PALAIS DES CONGRÈS
75017 PARIS

Contents

Annual General Meeting of Thursday, 18 April 2019

Agenda

ORDINARY PART

1. Approval of the 2018 parent company financial statements
2. Approval of the 2018 consolidated financial statements
3. Allocation of the Company's net income for 2018 and setting of the dividend
4. Appointment of Ms. Fabienne Dulac as a Director
5. Renewal of the office of Ms. Sophie Bellon as a Director
6. Approval of the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers
7. Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2018 financial year due to his office as Chairman and Chief Executive Officer
8. Authorisation for the Company to buy back its own shares

EXTRAORDINARY PART

9. Delegation of authority to the Board of Directors to increase the share capital through the issue of ordinary shares with maintenance of the shareholders' preferential subscription rights
10. Delegation of authority to the Board of Directors to increase the share capital *via* the capitalisation of share premiums, reserves, profits or other amounts
11. 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 of equity securities or securities giving access to the share capital of third-party companies
12. Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right
13. Delegation of authority to the Board of Directors in order to enable it to carry out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of the shareholders' preferential subscription right, within the scope of an employee share ownership programme
14. Powers for formalities

(1) This request is reserved for shareholders only and must be sent to L'Oréal, for the attention of the Director of Shareholder Relations, 41, rue Martre, 92117 Clichy Cedex - France. Fax: +33 1 47 56 86 42 - E-mail: info-ag@loreal-finance.com - Toll free (from France only): 0 800 66 66 66, from abroad: +33 1 40 14 80 50

Message of the
Chairman and Chief Executive Officer

“Our greatest source of pride: Delivering financial performance while being a committed corporate citizen.”

Dear Shareholder,

I am pleased to invite you to attend L’Oréal’s Annual General Meeting which will be held on Thursday, April 18th, 2019 at 10 a.m. at the Palais des Congrès, Porte Maillot in Paris.

The Annual General Meeting will be the opportunity to review 2018, a year in which L’Oréal experienced a sustained increase in sales and strong results on a beauty market that confirmed its steady growth. In a fast-changing world of beauty, L’Oréal can count on a successful business model and has a lead in sustainability and ethics. More than ever, our deep conviction is that economic and environmental, social and societal performance go hand in hand and are mutually reinforcing.

During the General Meeting you will be able to vote, thus taking an active part in decisions concerning L’Oréal. In this document you will find a detailed presentation of the draft resolutions which you will be requested to approve.
I count on your attendance at this Annual General Meeting this year. If you are unable to be present, please note that you will be able to vote via Internet or by post, or to give a proxy to the Chairman of the meeting or any other person of your choice.

You will find all the relevant information in this document, as well as the meeting’s agenda and the draft resolutions.
The recorded webcast of the main speeches of the Annual General Meeting will be on our website www.loreal-finance.com from April, 18th in the afternoon.

In the name of the Board of Directors, I want to thank each one of you for your trust and loyalty, and look forward to seeing you on April 18th.

Jean-Paul Agon
Chairman and Chief Executive Officer

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Brief presentation of the L'Oréal Group in 2018 and key figures

KEY FIGURES 2018

2018 SALES
26.9
billion euros (+3.5% based on reported figures, +7.1% like-for-like (1))

OPERATING PROFIT
4.92
billion euros, representing 18.3% of sales (+5.3%)

NET PROFIT AFTER NON-CONTROLLING INTERESTS
3.89
billion euros (+8.8%)

NET EARNINGS PER SHARE (2)
7.08
euros per share

DIVIDEND (3)
3.85
euros per share (+8.5%)

(1) Like-for-like; based on a comparable structure and identical exchange rates.
(2) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.
(3) Proposed at the Annual General Meeting of 18 avril 2019.

150 countries
International presence

N°1
in beauty

110 years
Created in 1909

€112.7 billion
Market capitalisation*

** As of 31 December 2018*

€914 million
Research and Innovation budget

505
Patents

86,030
Employees

1st Prize
Gender equality in business (1)

79%
of new or renovated products have an improved environmental or social profile

-77%
reduction in CO_2 emissions (plants and distribution centres)

-37%
reduction in waste (plants and distribution centres)

-48%
reduction in water consumption (plants and distribution centers)

57%
of the brands have carried out an action to raise awareness among consumers

63,584
people from underprivileged communities have had access to work

(1) Equileap Europe prize, October 2018.

NORTH AMERICA

26.9% share of Group sales:
+2.7% sales growth in 2018 (1)

€7,234.3M

SALES

19.8%

OPERATING PROFIT(2)
(as a % of sales)

WESTERN EUROPE

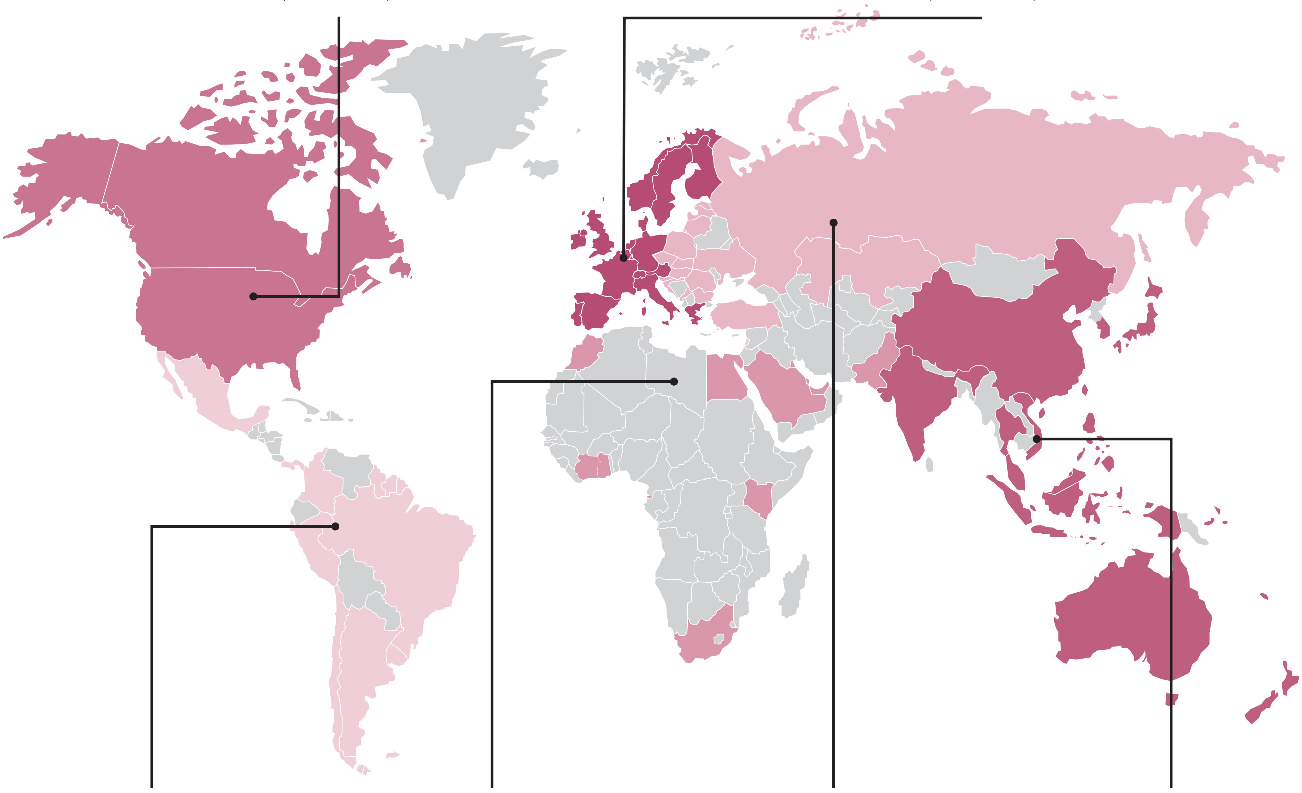
29.9% share of Group sales:
- 0.3% sales growth in 2018 (1)

€8,065.1M

SALES

20.9%

OPERATING PROFIT(2)
(as a % of sales)



LATIN AMERICA

6.6% share of Group sales:
- 0.4% sales growth in 2018 (1)

€1,784.8M

SALES

AFRICA, MIDDLE EAST

2.6% share of Group sales:
+4.9% sales growth in 2018 (1)

€693.5M

SALES

EASTERN EUROPE

6.5% share of Group sales:
+9.1% sales growth in 2018 (1)

€1,754.2M

SALES

ASIA-PACIFIC

27.5% share of Group sales:
+24.1% sales growth in 2018 (1)

€7,405.6M

SALES

NEW MARKETS

43.2% share of Group sales:
+16.1% sales growth in 2018 (1)

€11,638.1M

SALES

22% (2)

OPERATING PROFIT
(as a % of sales)

(1) Like-for-like sales growth: based on a comparable structure and identical exchange rates.

(2) Operating profit before non-allocated items: Non-allocated items consist of the expenses of Functional Divisions and fundamental research, stock option and free grant of shares costs, which are not allocated to the Cosmetics Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

COMMENTS

The Board of Directors of L'Oréal met on 7 February 2019, under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2018.

In a beauty market that accelerated significantly in 2018, L'Oréal marked its best year of growth since 2007, at +7.1% following a strong fourth-quarter increase of +7.7%.

All Divisions are growing, especially L'Oréal Luxe and Active Cosmetics, which both recorded double-digit growth. The big brands are the star performers, particularly in the L'Oréal Luxe Division, where Lancôme sales crossed the €3 billion mark. The Active Cosmetics Division achieved its highest growth for more than 10 years in a very dynamic skincare market. In the Consumer Products Division, 2018 was a good year for L'Oréal Paris and Maybelline New York. The Professional Products Division meanwhile recorded a modest increase in sales, thanks to a significant acceleration in the final quarter.

The performance by geographic zone remained differentiated. In Western Europe, progress was held back by difficulties in some markets, while growth in North America improved compared with the previous year. The New Markets achieved their best performance since 2007, and the Asia Pacific Zone, driven by China, has now overtaken North America with sales exceeding €7 billion.

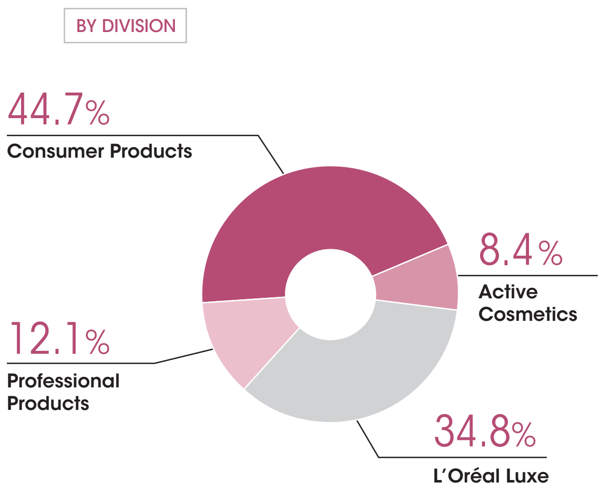
2018 was another very good year for two of our most powerful growth drivers. Firstly, e-commerce(1) which advanced by +40.6%, and now accounts for 11% of Group sales. Secondly, Travel Retail, which broke the €2 billion barrier with an increase of +27.1%.

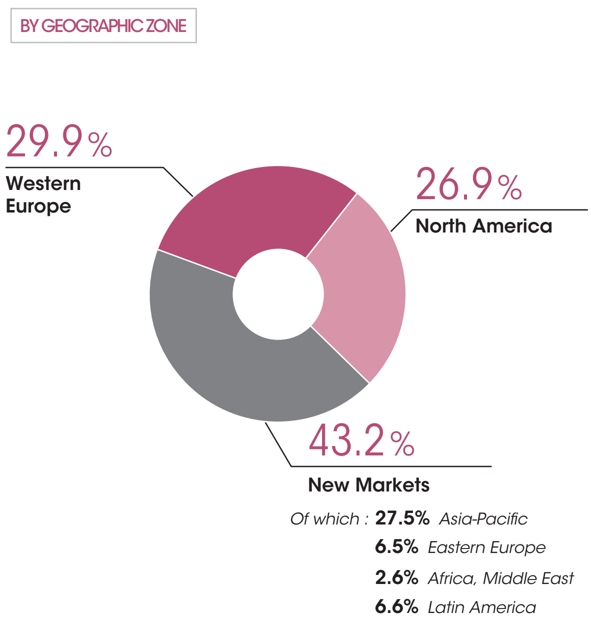
The gross margin increased significantly and, after strong investments in research, innovation, and business drivers, the operating margin set a new record at 18.3% of sales.

More than ever, it's the strength of L'Oréal's business model, robust and well-balanced, covering all circuits, all categories, all price points and addressing all consumers, that enables the Group to seize opportunities wherever they are. All over the world, our teams are alert and listening to consumers' needs and desires. They adapt and allocate resources with great agility, always in the pursuit of excellence. This is how L'Oréal delivers profitable and sustainable growth, and strengthens its position as the cosmetics market leader year after year.

And finally, in 2018, L'Oréal was recognised once again for its leadership in corporate environmental and social responsibility, notably by the CDP(2) which identified L'Oréal, for the third consecutive year, as a world leader in Sustainable Development, with three 'A' scores for the management of climate change, water security and forests. L'Oréal has also been acknowledged for its commitment to gender equality, and was named number 1 in Europe for gender parity by Equileap. In terms of ethics, L'Oréal remains exemplary, and is ranked number 1 worldwide by the ethical reputation index Covalence EthicalQuote.

OPERATIONAL DIVISIONS SALES - 2018





(1) Sales achieved on our brands' own website + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).
(2) CDP is an independant international organisation that evaluates companies' environmental performance.

2018 SALES

Like-for-like, *i.e.* based on a comparable scope of consolidation and constant exchange rates, the sales growth of the L'Oréal Group was +7.1%.

The net impact of changes in the scope of consolidation amounted to +0.9%.

Growth at constant exchange rates was +8.0%.

At the end of 2018, currency fluctuations had a negative impact of -4.5%.

Based on reported figures, the Group's sales, at 31 December 2018, amounted to €26.9 billion, an increase of +3.5%.

SALES BY OPERATIONAL DIVISION AND BY GEOGRAPHIC ZONE

The finalisation of the disposal of The Body Shop on 7 September 2017 lead to the application, in 2017, of IFRS 5 for discontinued operations.

					2017/2018 progression	
€ millions	2016	**2017**	**2018**	**% 2018 sales**	Like-for-like	Reported figures
By Operational Division						
Professional Products	3,399.7	3,350.4	3,262.5	12.1%	+2.0%	-2.6%
Consumer Products	11,993.4	12,118.7	12,032.2	44.7%	+2.5%	-0.7%
L'Oréal Luxe	7,662.4	8,471.7	9,367.2	34.8%	+14.4%	+10.6%
Active Cosmetics	1,860.7	2,082.9	2,275.5	8.4%	+11.9%	+9.2%
Cosmetics Total	**24,916.3**	**26,023.7**	**26,937.4**	**100.0%**	**+7.1%**	**+3.5%**
By geographic zone						
Western Europe (1)	8,008.0	8,125.3	8,065.1	29.9%	-0.3%	-0.7%
North America	7,098.8	7,350.5	7,234.3	26.9%	+2.7%	-1.6%
New Markets, of which:	9,809.5	10,547.8	11,638.1	43.2%	+16.1%	+10.3%
◆ Asia, Pacific (1)	5,635.4	6,151.8	7,405.6	27.5%	+24.1%	+20.4%
◆ Latin America(3)	1,838.0	1,952.9	1,784.8	6.6%	-0.4%	-8.6%
◆ Eastern Europe	1,571.5	1,750.8	1,754.2	6.5%	+9.1%	+0.2%
◆ Africa, Middle-East(4)	764.5	692.4	693.5	2.6%	+4.9%	+0.2%
Total Cosmetics	**24,916.3**	**26,023.7**	**26,937.4**	**100.0%**	**+7.1%**	**+3.5%**
◆ The Body Shop	920.8	-		-	-	-
TOTAL GROUP (2)	**25,837.1**	**26,023.7**	**26,937.4**	**100.0%**	**+7.1%**	**+3.5%**

(1) *As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific Zone. All figures for earlier periods have been restated to allow for this change.*
(2) *In the full-year 2016, reported Group sales included the sales of The Body Shop in amounts of €920.8 million.*
(3) *The Group has applied IAS 29 (Financial Reporting in Hyperinflationary Economies) to Argentina since July 1, 2018. The negative impact of this adjustment is 200 basis points on like-for-like growth in Latin America and 10 basis points on that of the entire L'Oréal Group in 2018.*
(4) *The application of IFRS 15 as of January 1, 2018 has resulted in a restatement of the 2018 revenue achieved with distributors when they work as agents and not for their own account. The impact of this restatement amounted to €28.2 million on the full-year revenue of the Africa and Middle East Zone. The effect of this accounting policy is not material in the income statement or balance sheet.*

SALES EVOLUTION

Professional products

The Professional Products Division ended the year at +2.0% like-for-like and -2.6% reported.

Consumer products

The Consumer Products Division posted fourth quarter growth of +2.8% like-for-like, and ended the year at +2.5% like-for-like and -0.7% reported.

L'Oréal Luxe

L'Oréal Luxe sales grew by +14.4% like-for-like and +10.6% reported, with a second half at +15.1% like-for-like. The Division outperformed the market and made 2018 a historic year.

Active Cosmetics

The Active Cosmetics Division maintained strong growth momentum in the fourth quarter, and ended an outstanding year at +11.9% like-for-like and +9.2% reported.

MULTI-DIVISION SUMMARY BY GEOGRAPHIC ZONE

Western Europe

The Zone recorded sales growth in the fourth quarter, and ended the year at -0.3% like-for-like, and -0.7% reported.

North America

The Zone posted growth of +2.7% like-for-like and -1.6% reported.

New Markets

- **Asia, Pacific:** Growth in this Zone came out at +24.1% like-for-like and +20.4% reported.
- **Latin America:** The Zone is at -0.4% like-for-like and -8.6% reported.
- **Eastern Europe:** In this Zone growth amounted to +9.1% like-for-like and +0.2% reported.
- **Africa, Middle East:** The Zone recorded growth of +4.9% like-for-like and +0.2% reported

2018 RESULTS

1. OPERATING PROFITABILITY AT 18.3% OF SALES

CONSOLIDATED PROFIT AND LOSS ACCOUNTS: FROM SALES TO OPERATING PROFIT.

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations. For consistency with the financial information given outside the financial statements below, please refer to the tables published in the 2017 Registration Document (chapter 4, page 223) describing the financial performance of the Group when The Body Shop was an integral part of its continuing operations.

	2016		2017		**2018**	
	€ millions	% sales	€ millions	% sales	**€ millions**	**% sales**
Sales	**25,837.1**	**100.0%**	**26,023.7**	**100.0%**	**26,937.4**	**100.0%**
Cost of sales	-7,341.7	28.4%	-7,359.2	28.3%	-7,331.6	27.2%
Gross profit	**18,495.4**	**71.6%**	**18,664.5**	**71.7%**	**19,605.8**	**72.8%**
Research and development expenses	-849.8	3.3%	-877.1	3.4%	-914.4	3.4%
Advertising and promotion expenses	-7,498.7	29.0%	-7,650.6	29.4%	-8,144.7	30.2%
Selling, general and administrative expenses	-5,607.0	21.7%	-5,460.5	21.0%	-5,624.7	20.9%
OPERATING PROFIT	**4,539.9**	**17.6%**	**4,676.3**	**18.0%**	**4,922.0**	**18.3%**

Gross profit, at €19,605 million, came out at 72.8% of sales, compared with 71.7% in 2017, which is an improvement of 110 basis points.

Research and Development expenses, at €914 million, have increased by 4.3%.

As announced, advertising and promotion expenses increased to 30.2% of sales, representing an increase of 80 basis points.

Selling, general and administrative expenses, at 20.9% of sales, have been reduced by 10 basis points.

Overall, operating profit has grown by +5.3% to €4,922 million, and amounts to 18.3% of sales, representing an increase of 30 basis points.

2. OPERATING PROFIT BY DIVISION AND GEOGRAPHIC ZONE

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations. For consistency with the financial information given outside the financial statements below, please refer to the tables published in the 2017 Registration Document (chapter 4, page 223) describing the financial performance of the Group when The Body Shop was an integral part of its continuing operations.

Operating profit by Division

	2016		2017		**2018**	
	€ millions	% sales	€ millions	% sales	**€ millions**	**% sales**
Professional Products	689	20.3%	669	20.0%	651.5	20.0%
Consumer Products	2,417	20.2%	2,419	20.0%	2,428.1	20.2%
L'Oréal Luxe	1,623	21.2%	1,856	21.9%	2,072.4	22.1%
Active Cosmetics	431	23.2%	471	22.6%	523.0	23.0%
COSMETICS DIVISIONS TOTAL	**5,160**	**20.7%**	**5,415**	**20.8%**	**5,675.0**	**21.1%**
Non-allocated (1)	-654	-2.6%	-739	-2.8%	-753.1	-2.8%
TOTAL GROUP AFTER NON-ALLOCATED	**4,506**	**18.1%**	**4,676**	**18.0%**	**4,922.0**	**18.3%**

(1) Non-allocated items consist of the expenses of Functional Divisions and fundamental research, stock option and free grant of shares costs, which are not allocated to the Cosmetics Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

The profitability of the Professional Products Division came out at 20.0%.

The profitability of the Consumer Products Division came out at 20.2%, an improvement of 20 basis points compared with 2017.

The profitability of L'Oréal Luxe, at 22.1%, increased by 20 basis points.

The profitability of the Active Cosmetics Division came out at 23.0%, representing an increase of 40 basis points.

Non-allocated expenses amounted to €753 million, which is stable in relative value.

Operating profit by geographic zone

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations. For consistency with the financial information given outside the financial statements below, please refer to the tables published in the 2017 Registration Document (chapter 4, page 223) describing the financial performance of the Group when The Body Shop was an integral part of its continuing operations.

	2016 (1)		2017		**2018**	
	€ millions	% sales	€ millions	% sales	**€ millions**	**% sales**
Western Europe (1)	1,832	22.9%	1,860	22.9%	1,682	20.9%
North America	1,392	19.6%	1,411	19.2%	1,430	19.8%
New Markets (1)	1,936	19.7%	2,144	20.3%	2,562.5	22.0%
COSMETICS ZONES TOTAL (2)	**5,160**	**20.7%**	**5,415**	**20.8%**	**5,675.0**	**21.1%**
Non-allocated (3)	-654	-2.6%	-739	-2.8%	-753.1	-2.8%
TOTAL GROUP AFTER NON-ALLOCATED	**4,506**	**18.1%**	**4,676**	**18.0%**	**4,922.0**	**18.3%**

(1) As of July 2016, the Asian Travel Retail business of the Consummer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia Pacific Zone.
(2) Before non-allocated
(3) Non-allocated items consist of the expenses of Functionnal Divisions and fundamental research, stock option and free grant of shares costs, which are not allocated to the Cosmetic Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

Profitability in Western Europe came out at 20.9%, 200 basis points lower than last year.

In North America, profitability came out at 19.8%, an increase of 60 basis points compared with 2017.

And in the New Markets, profitability increased by 170 basis points compared to the previous year, and amounted to 22.0% of sales.

3. NET PROFIT

CONSOLIDATED PROFIT AND LOSS ACCOUNTS: FROM OPERATING PROFIT TO NET PROFIT EXCLUDING NON-RECURRING ITEMS.

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations. For consistency with the financial information given outside the financial statements below, please refer to the tables published in the 2017 Registration Document (chapter 4, page 223) describing the financial performance of the Group when The Body Shop was an integral part of its continuing operations.

€ million	2016	2017	2018	Growth
Operating profit	**4,539.9**	**4,676.3**	**4,922.0**	**+5.3%**
Financial revenues and expenses excluding dividends received	-19.3	-22.9	- 1.9	
Sanofi dividends	346.5	350.0	358.3	
Profit before tax excluding non-recurring items	**4,867.1**	**5,003.3**	**5,278.4**	**+5.5%**
Income tax excluding non-recurring items	-1,216.8	-1,250.5	- 1,286.8	
Net profit excluding non-recurring items of equity consolidated companies	-0.1	-0.1	+ 0.1	
Non-controlling interests	-3.0	-3.9	- 4.1	
Net profit excluding non-recurring items after non-controlling interests (1)	**3,647.2**	**3,748.7**	**3,987.6**	**+6.4%**
EPS (2) (euros)	**6.46**	**6.65**	**7.08**	**+ 6.5%**
NET PROFIT AFTER NON-CONTROLLING INTERESTS	**3,105.8**	**3,581.4**	**3,895.4**	**+8.8%**
Net profit after non-controlling interests	3,105.8	3,581.4	6.92	
Diluted average number of shares	564,509,135	563,528,502	563,098,506	

(1) Net profit, excluding non-recurring items excludes impairment of assets, restructuring costs, tax effects and minority interests after non-controlling interests, from continuing operations
(2) Diluted net earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

Finance expenses came out at approximately €1.9 million.

Sanofi dividends amounted to €358 million.

Income tax excluding non-recurrent items amounted to €1,286 million, representing a tax rate of 24.4%.

Net profit excluding non-recurring items after non-controlling interests from continuing operations amounted to €3,987 million, an increase of +6.4%, and +10% at constant exchange rates.

Earnings per Share, at €7.08, is up by +6.5%.

Non-recurring items after non-controlling interests[1] amounted to -€92 million net of tax.

Net profit came out at €3,895 million, an increase of +8.8%.

4. CASH FLOW STATEMENT, BALANCE SHEET AND CASH POSITION

Gross cash flow amounted to €5,178 million, an increase of 4.1%.

The working capital requirement decreased by €113 million.

At €1,416 million, investments represented 5.3% of sales.

Net cash flow[2] at €3,875 million, is down slightly after a strong increase in the previous year.

€321.3 million and €920.8 million respectively.

The balance sheet is particularly solid, with shareholders' equity amounting to €26.9 billion, and net cash at €2,751 million at 31 December 2018.

5. PROPOSED DIVIDEND AT THE ANNUAL GENERAL MEETING OF 18 APRIL 2019

The Board of Directors has decided to propose to the shareholders' Annual General Meeting of 18 April 2019 a dividend of €3.85 per share, an increase of +8.5% compared with the dividend paid in 2018. The dividend will be paid on 30 April 2019 (ex-dividend date 26 April 2019 at 0.00am, Paris time).

6. SHARE CAPITAL

At 31 December 2018, the capital of the Company is formed by 560,396,652 shares, each with one voting right.

7. PROSPECTS

In an economic context that remains volatile and uncertain, we are confident, thanks to our innovations, powerful brands, digital excellence and in particular our outstanding teams all over the world, that we can pursue our corporate social responsibility commitments, outperform the beauty market in 2019 and achieve another year of growth in both sales and profits.

(1) Non-recurring items include impairment of assets, net profit of discontinued operations, restructuring costs and tax effects of non-recurring items.
(2) Net cash flow = Gross cash flow + changes in working capital – capital expenditure.

2

Significant events that have occurred since the beginning of 2019

No significant event has occurred since the beginning of 2019.

3

Presentation of the Board of Directors

A BALANCED AND HIGHLY COMMITTED BOARD

The composition of the Board reflects L'Oréal's shareholding structure, while guaranteeing the interests of all its shareholders. With the Chairman and Chief Executive Officer, there are therefore three directors from the Bettencourt Meyers family, two from Nestlé, seven independent Directors and two directors representing the employees.

The diversity and complementarity of the directors' industrial, financial and entrepreneurial expertise mean they are equipped to quickly and thoroughly comprehend development challenges facing L'Oréal, the leader of a globalised and highly competitive cosmetics market in which constant innovation and adaptation are required.

Extremely committed and vigilant, and convinced that stringent governance creates value for the Company, the directors always keep the Company's long-term interest first in mind as they voice their opinions. The directors proactively and assiduously participate in the work of the Board and its Committees, which play an active role in preparing the Board's deliberations.


JEAN-PAUL AGON


PAUL BULCKE


FRANÇOISE BETTENCOURT MEYERS


JEAN-PIERRE MEYERS


ANA SOFIA AMARAL


PATRICE CAINE


SOPHIE BELLON


AXEL DUMAS


BELÉN GARIJO


BERNARD KASRIEL


BÉATRICE GUILLAUME-GRABISCH

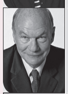
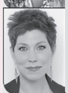
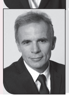

GEORGES LIAROKAPIS


JEAN-VICTOR MEYERS


EILEEN NAUGHTON


VIRGINIE MORGON

COMPOSITION OF THE BOARD AT 31 DECEMBER 2018

			Age	M/W	Nationality	Number of offices in listed companies*	Independence	Date of first appointment	Expiry date of term of office	Seniority on the Board	BOARD COMMITTEES: Strategy and Sustainable Development	BOARD COMMITTEES: Audit	BOARD COMMITTEES: HR and Remuneration	BOARD COMMITTEES: Appointments and Governance
Chairman and CEO	Mr. Jean-Paul AGON		62	M	French	1		25/04/2006	2022	12	C			
Françoise BETTENCOURT MEYERS and her family	Ms. Françoise BETTENCOURT MEYERS		65	W	French			12/06/1997	2021	21	●			
	Mr. Jean-Pierre MEYERS Vice-President		70	M	French			15/12/1987	2020	31	●		●	●
	Mr. Jean-Victor MEYERS		32	M	French			13/02/2012	2020	6		●		
Directors from Nestlé	Mr. Paul BULCKE** Vice-President		64	M	Belgian and Swiss	2		20/04/2017	2021	1	●		●	●
	Ms. Béatrice GUILLAUME-GRABISCH		54	W	French			20/04/2016	2020	2		●		
Independent Directors	Ms. Sophie BELLON		57	W	French	1	◆	22/04/2015	2019	3		●	C	C
	Mr. Patrice CAINE		49	M	French	1	◆	17/04/2018	2022	<1				●
	Mr. Axel DUMAS		48	M	French	1	◆	17/04/2018	2022	<1		●		
	Ms. Belén GARIJO		58	W	Spanish	1	◆	17/04/2014	2022	4			●	
	Mr. Bernard KASRIEL		72	M	French		◆	29/04/2004	2020	14	●			
	Ms. Virginie MORGON		49	W	French	1	◆	26/04/2013	2021	5		C		
	Ms. Eileen NAUGHTON		61	W	American		◆	20/04/2016	2020	2			●	
Directors representing employees	Ms. Ana Sofia AMARAL		53	W	Portuguese			15/07/2014	2022	4			●	
	Mr. Georges LIAROKAPIS		56	M	French and Greek			15/07/2014	2022	4		●		

◆ Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors. ● Committee Member **C** Committee Chairman/Chairwoman

*Number of offices (excluding L'Oréal) in listed companies, including foreign companies, in accordance with the provisions of point 18 of the AFEP-MEDEF Code (i.e. with the exception of offices held in subsidiaries and investments, alone or in concert, by an executive officer of companies whose main activity is to acquire and manage such interests).

** Paul Bulcke was a Director at L'Oréal from 2012 to June 2014 and has been again since 2017.

57
Average age of the Directors at 31.12.2018

7
Independent Directors

46%
Female Directors (excluding Directors representing the employees)

ACTIVITIES OF THE BOARD AND ITS COMMITTEES IN 2018

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 economicreality 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 andacquisitions in particular.

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

Wishing to continually enhance its role of reflecting on issuesand providing support with regard to strategic decision-making,the Board carried out an evaluation of its modus operandi and organisation in 2018, as it has done every year since 1996 (see Section 2.3.4 "Board of Directors Self-assessment" of the Registration Document).

BOARD OF DIRECTORS

7 meetings in 2018 and 3-day Strategic Seminar in Shanghai
92% attendance rate

Main work in 2018:

- **Corporate governance**: study of the draft resolutions on the renewal of tenures and appointments; organisation of the General Management and reappointment of Mr Jean-Paul Agon as Chairman and Chief Executive Officer; information on the expectations of investors and vote consulting companies; assessment of the Board's functioning;
- **Remuneration policy for executive officers and Human Resources**: validation of the remuneration policy and the amounts due or awarded to Mr Jean-Paul Agon; Employee shareholding plan; assessment of the diversity and cohesion policy;
- **Business activity and results**: systematic review of the business activity and results, sales and market share analysis; information on the cosmetics market; monitoring of new consumption trends (e-commerce, etc.); information on risk management and the cyber security programme;
- **Strategy:** development challenges (by zone and by business segment); monitoring of the results of the digital transformation; change in distribution networks and e-commerce; acquisitions and licences (projects and monitoring of business plans); Human Resources policy; Ethics;
- **Strategic Seminar in Shanghai in June 2018**

STRATEGY AND SUSTAINABLE DEVELOPMENT COMMITTEE	AUDIT COMMITTEE	APPOINTMENTS AND GOVERNANCE COMMITTEE	HUMAN RESSOURCES AND REMUNERATION COMMITTEE
4 meetings *100% attendance rate*	*4 meetings* *100% attendance rate*	*5 meetings* *93% attendance rate*	*3 meetings* *95% attendance rate*
Main activities in 2018	**Main activities in 2018**	**Main activities in 2018**	**Main activities in 2018**
• Analysis of sales, update on business activities, markets and competition • Analysis of the performance of the latest product launches • Examination of the Group's strategic development prospects • Review of the main acquisition projects, and review of recent acquisitions • Update on the progress of the Group's *Sharing Beauty With All* CSR programme	• Review of the accounts and financial situation • Risk review and monitoring • Review of Internal Control and Internal Audit • Monitoring of the business plan for acquisitions • Approval of non-audit services. • Review of Statutory Auditors' Reports • Review of the Vigilance Plan • Assessment of the corruption prevention programme • European GDPR (General Data Protection Regulation) regulation: assessment of compliance • Cyber security: assessment of the measures deployed • Fight against counterfeiting: assessment of the policies deployed	• Reflection on the composition of the Board and its committees • Review of the succession plans • Review of the independence of Directors • Organisation and annual evaluation of the modus operandi of the Board • General Management exercise modalities: recommendation to continue to combine the functions following the reappointment of Mr. Agon • Topical issues with regard to Governance (AFEP-MEDEF Code updated in June 2018, Reports by the AMF and the *Haut Comité de Gouvernement d'Entreprise*, etc.) • Diversity policy applied to the Board of Directors: objectives and 2018 results • Review of the voting policies of the main investors and proxy advisors • Amendment to the Internal Rules	• Assessment of the voting policies of the main investors and proxy advisors on compensation, with a view to the Annual General Meeting • Assessment of the performance of the Chairman and Chief Executive Officer in 2017 • Recommendations concerning the 2018 remuneration policy • Recommendations concerning the bonus structure and objectives for the Chairman and CEO for 2018 • Preparation of the Say On Pay resolutions (ex ante and ex post) • Preparation of the resolution with regard to the pension plan provisions for the period of the renewed corporate office of Mr. Agon • Long Term Incentive policy (Preparation of the draft resolution, 2018 Plan, proposed award of performance shares to the Chairman and Chief Executive Officer) • Diversity: Policy developed internally and results obtained • Distribution of attendance fees • Employee shareholding plan: discussions, proposals and monitoring.

4

Draft resolutions and Report of the Board of Directors

AGENDA

ORDINARY PART

1. Approval of the 2018 parent company financial statements
2. Approval of the 2018 consolidated financial statements
3. Allocation of the Company's net income for 2018 and setting of the dividend
4. Appointment of Ms Fabienne Dulac as a Director
5. Renewal of the office of Ms Sophie Bellon as a Director
6. Approval of the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers
7. Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2018 financial year due to his office as Chairman and Chief Executive Officer
8. Authorisation for the Company to buy back its own shares

EXTRAORDINARY PART

9. Delegation of authority to the Board of Directors to increase the share capital through the issue of ordinary shares with maintenance of the shareholders' preferential subscription rights
10. Delegation of authority to the Board of Directors to increase the share capital *via* the capitalisation of share premiums, reserves, profits or other amounts
11. 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 of equity securities or securities giving access to the share capital of third-party companies
12. Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right
13. Delegation of authority to the Board of Directors in order to enable it to carry out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of the shareholders' preferential subscription right, within the scope of an employee share ownership programme
14. Powers for formalities

7.1.1. ORDINARY PART

RESOLUTIONS 1, 2, 3: APPROVAL OF THE ANNUAL (PARENT COMPANY AND CONSOLIDATED) FINANCIAL STATEMENTS FOR 2018, ALLOCATION OF THE COMPANY'S NET INCOME AND SETTING OF 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, with an income statement showing net income of €3,594,895,876.41 for 2018, compared with €3,051,719,329.20 for 2017;
- the 2018 consolidated financial statements.

  The details of these financial statements are set out in the 2018 Annual Financial Report and the main data included in the file for calling this Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting:

- an ordinary dividend of €3.85 per share, representing an increase of +8,5% compared with the dividend for the previous year.

  The rate of distribution of the ordinary dividend (ordinary dividend paid/net income diluted per share from continuing operations excluding non-recurring items, diluted, attributable to owners of the Company) would be 54.4% in 2018.

  Over the last five financial years, this rate was

Year	2013	2014	2015	2016	2017
Rate of distribution	48.7%	50.6%	50.2%	51.1%	53.4%

- A per share bonus dividend of €4.23, corresponding to a 10% increase over the ordinary dividend. This amount is rounded down to the nearest euro cent, pursuant to Article 15 of the Company's Articles of Association.

  The bonus dividend will be granted to the shares held in registered form since 31 December 2016 at the latest, and which continuously remain in registered form until the dividend payment date in 2019. 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.

If the Annual General Meeting approves this proposal, the ex-dividend date for the dividends (both ordinary and preferential) will be 26 April 2019 at zero hour, Paris time, and they will be paid on 30 April 2019.

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 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 2018 parent company financial statements

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements 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 2018 parent company financial statements, as presented, and the transactions included in these financial statements and summarised in these Reports, showing net income of €3,594,895,876.41, compared with €3,051,719,329.20 for 2017.

Second resolution: Approval of the 2018 consolidated financial statements

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the 2018 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 2018 and setting of the dividend

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, on the proposal of the Board of Directors, decides to allocate the net income for the 2018 financial year, amounting to €3,594,895,876.41:

No allocation to the legal reserve which already represents over one-tenth of the share capital	–
Clearance of the debtor "Retained earnings" account*	€4,709,896.78
Amount allocated to the shareholders as a dividend ** (including bonus dividend)	€2,175,947,197.14
Balance that will be allocated to the "Other reserves" item	**€1,414,238,782.49**

* *Application of ANC Regulation No. 2015-05 on forward financial instruments and hedging transactions (see Chapter 5 of the 2018 parent company financial statement).*
** *Including an initial dividend equal to 5% of the amounts paid up on the 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 2018 and will be adjusted to reflect:

- the number of shares issued between 1 January 2019 and the date of payment of this dividend following the exercise of stock options or the final vesting of new free shares granted and giving entitlement to such dividend;

- the final number of shares eligible for the bonus dividend, taking into account sales or transfers to a bearer account between 1 January 2019 and the date of payment of the dividend.

The Annual General Meeting therefore declares an ordinary dividend to be paid of €3.85 per share, the bonus dividend entitling eligible holders to a total of €4.23 per share. The preferential dividend will be granted to the shares held in registered form since 31 December 2016 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 bonus 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 26 April 2019 at zero hour (Paris time) and they will be paid on 30 April 2019.

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 progressively if the shareholder so chooses. In such a case, the dividend is eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code.

The table set out below gives the amounts of the dividends distributed, that were fully eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code, for the last three financial years:

	2015	2016	2017
Ordinary dividend per share	€3.10	€3.30	€3.55
Preferential dividend per share	€0.31	€0.33	€0.35

RESOLUTIONS 4 & 5: OFFICES OF DIRECTORS

EXPLANATORY STATEMENT

1. *Composition of L'Oréal's Board of Directors at 31 December 2018*

The Directors of L'Oréal come from different backgrounds. They complement one another due to their different professional experience, their skills and their nationalities. They have good knowledge of the Company. The Directors are present, active and closely involved. These are all assets which contribute to the quality of the Board's deliberations in the context of the decisions that it is called on to make.

The Directors are attentive and vigilant and exercise complete freedom of judgment. This freedom of judgment enables them in particular to participate, in complete independence, in the decisions or work of the Board and its Committees.

Jean-Paul Agon, age 62, joined the L'Oréal Group 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, President 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. A Director of L'Oréal since 2006, he is also the Chairman of the Strategy and Sustainable Development Committee. Jean-Paul Agon is also the Chairman of the L'Oréal Corporate Foundation and Director of Air Liquide.

Françoise Bettencourt Meyers, age 65, daughter of Liliane Bettencourt and granddaughter of the founder of L'Oréal, Eugène Schueller, 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 President of the Foundation *Pour l'Audition*. Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997 and a member of the Strategy and Sustainable Development Committee since 2012.

Paul Bulcke, age 64, a dual citizen of Belgium and Switzerland, is the Chairman of the Board of Directors of Nestlé. Paul Bulcke was a Director at L'Oréal from 2012 to June 2014 and has been back in that position since 2017. Paul Bulcke is the Vice-Chairman of the Board of Directors, and is a member of the Strategy and Sustainable Development Committee, the Appointments and Governance Committee, and the Human Resources and Remuneration Committee. He is also a Director of Roche Holding (Switzerland).

Jean-Pierre Meyers, age 70, has been a Director of L'Oréal since 1987, Vice-Chairman of the Board of Directors since 1994, and is a member of the Strategy and Sustainable Development Committee, the Appointments and Governance Committee and the Human Resources and Remuneration Committee. Jean-Pierre Meyers is Vice-Chairman of the Supervisory Board and Chief Executive Officer of the family-owned holding company Téthys, Chairman of the investment subsidiary Téthys Invest, Vice-Chairman of the Bettencourt Schueller Foundation and President of the Foundation *Pour l'Audition*.

Ana Sofia Amaral, age 53, of Portuguese nationality, is Scientific and Technical Affairs Director for L'Oréal Portugal. Ana Sofia Amaral was appointed in 2014 by L'Oréal's *Instance Européenne de Dialogue Social* (European Works Council) as a Director representing the employees; her office was renewed for a period of four years in 2018. She is a member of the Human Resources and Remuneration Committee.

Sophie Bellon, age 57, is the Chairwoman of the Board of Directors at Sodexo. After a career in finance in the United States, she joined Sodexo in 1994, where she held a variety of positions, including as the Country Manager for the Business Division in France then as R&D and Innovation Strategy Manager. Sophie Bellon has been a Director of L'Oréal since

2015. She is the Chairwoman of the Appointments and Governance Committee, and the Human Resources and Remuneration Committee, and a member of the Audit Committee.

Patrice Caine, age 49, has been Chairman and Chief Executive Officer of Thales Group since December 2014, after holding management positions in various operating units (Aviation and Naval, Communications, 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 April 2018, and is a member of the Appointments and Governance Committee.

Axel Dumas, age 48, has been Executive Chairman of Hermès International since 2013, successively holding various positions in that company. Axel Dumas joined the Financial Department of Hermès in 2003 then became Sales Director for France. He was appointed Chief Executive Officer of Hermès Jewellery in 2006 and has been the Chief Executive Officer of Hermès Leather Goods and Saddlery Division since 2008. In May 2011, Axel Dumas was appointed as Executive Vice-President of Operations and member of the Executive Committee of the Group. Axel Dumas has been a Director of L'Oréal since April 2018, and is a member of the Audit Committee.

Belén Garijo, age 58, of Spanish nationality, is Chairwoman and Chief Executive Officer of Merck Healthcare, a company bringing together the pharmaceutical businesses of German group Merck, and a member of the Merck group's Executive Committee. Belén Garijo has been a Director of L'Oréal since 2014 and is a member of the Human Resources and Remuneration Committee. She is also a Director of BBVA (Spain).

Béatrice Guillaume-Grabish, age 54, is the Chief Executive Officer of Nestlé Germany, having joined the Nestlé group in 2013 after a career in a variety of consumer goods corporations (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal, Coca-Cola), Béatrice Guillaume-Grabish has been a Director at L'Oréal since 2016 and is a member of the Audit Committee.

Bernard Kasriel, age 72, a former Chief Executive Officer of Lafarge, has been a Director of L'Oréal since 2004, and is a member of the Strategy and Sustainable Development Committee.

Georges Liarokapis, age 56, of French and Greek nationality, is Coordinator of Sustainability for L'Oréal Western Europe. Georges Liarokapis was appointed by the CFE-CGC union as a Director representing the employees in 2014; his office was renewed for a period of four years in 2018. He is a member of the Audit Committee.

Jean-Victor Meyers, age 32, has been a member of the Supervisory Board of the family-owned holding company Téthys since January 2011, and is a member of the Supervisory Committee of the investment subsidiary Téthys Invest and Chairman of Exemplaire. Jean-Victor Meyers has been a Director of L'Oréal since 2012 and is a member of the Audit Committee.

Virginie Morgon, age 49, is Chairwoman of the Executive Board of Eurazeo, which she joined in 2008 after working for sixteen years at Lazard, as well as Chairwoman and Chief Executive Officer of Eurazeo North America Inc. (USA). She is also Co-Chair of the Paris Committee of Human Rights Watch. Virginie Morgon has been a Director of L'Oréal since 2013 and is the Chairwoman of the Audit Committee.

Eileen Naughton, age 61, of American nationality, is Vice-President People Operations at Google, which she joined in 2006 after holding various responsibilities with Time Warner, including the position of President of Time Group from 2002 to 2005. She has been a Director of L'Oréal since 2016 and is a member of the Human Resources and Remuneration Committee.

2. Resolutions submitted for approval to the Annual General Meeting of 18 April 2019

2.1 Appointment of Ms Fabienne Dulac as a Director

Following the proposal made by the Appointments and Governance Committee, the Board of Directors submits the appointment of Ms Fabienne Dulac as Director, for a period of four years, to the Annual General Meeting.

Ms Fabienne Dulac, age 51, a French national, holds a post-graduate degree (DEA) in Political Sociology obtained after a degree in History and Modern Literature.

After working for the French Ministry of Home Affairs, she joined the corporate world, taking a position as Head of Communication and Marketing at VTCOM, a multimedia services development company, in 1993.

Ms Dulac joined France Telecom in 1997 in its Multimedia Division. Her responsibilities as Head of External Communication included all of France Telecom's multimedia businesses ; she particularly contributed to founding Wanadoo. She held various positions over a decade in marketing, business development, and customer relationships. In 2008, she was named Vice President of Digital business of Orange France. In 2011, Ms. Dulac became Head of the Orange North France Division in charge of Operations for France. In 2013, Ms Dulac was appointed Head of Communication at Orange France. In 2015, Ms Dulac was made Senior Vice-President of Orange France and joined the Executive Committee as Chairwoman and Chief Executive of Orange France.

She was appointed Deputy Chief Executive Officer of the Orange Group in May 2018. She is also Director of Orange Bank, as of Willa (an incubator dedicated to Female entrepreneurship).

Ms Fabienne Dulac will bring to L'Oréal's Board of Directors her knowledge of the digital industry, consumers and customer relationships, her expertise in Human Resources and her experience of leading an organisation undergoing a major transformation. Ms Dulac will also bring her personal vision drawn from her training and background, as well as her sense of innovation combined with great human qualities.

2.2 Renewal of the office of Ms Sophie Bellon as a Director

As the office of Ms Sophie Bellon as Director is due to expire in 2019, the renewal of her office for an office of four years is submitted to the Annual General Meeting.

Ms Sophie Bellon has been a Director of L'Oréal since April 2015. She chairs two committees: the Human Resources and Remuneration Committee, and the Appointments and Governance Committee. She is also a member of the Audit Committee.

Ms Sophie Bellon, age 57, has been Chairwoman of Sodexo's Board of Directors since January 2016, after holding various positions within the Group for more than 20 years.

Sodexo, a world leader in quality-of-life services, has locations in 72 countries and has 460,000 employees worldwide.

Ms Bellon is an independent Director, closely involved in the work of the Committees, who brings to the Board her multidisciplinary knowledge of business, her customer relationship expertise, her grasp of governance issues, her strategic vision and her commitments to social and societal responsibility.

Over the four years of her office as Director, Ms Bellon's attendance has been 100% for the meetings of the Board of Directors and 96% for the three Committees of which she is a member.

3. Composition of the Board of Directors after the Annual General Meeting of 18 April 2019

If the Annual General Meeting votes in favour of the renewal and appointment proposed to it in 2019, the expiry dates of the offices of the 16 Directors of L'Oréal would be as follows:

			Board Committees			
	Independence	Expiry date of current term of office	Strategy and Sustainable Development	Audit	HR and Remuneration	Appointments and Governance
Mr Jean-Paul Agon		2022	C			
Ms Françoise Bettencourt Meyers		2021	●			
Mr Paul Bulcke		2021	●		●	●
Mr Jean-Pierre Meyers		2020	●		●	●
Ms Ana Sofia Amaral	Employee Director	2022			●	
Ms Sophie Bellon	◆	2023		●	C	C
Mr Patrice Caine	◆	2022				●
Ms Fabienne Dulac	◆	2023				
Mr Axel Dumas	◆	2022		●		
Ms Belén Garijo	◆	2022			●	
Ms Béatrice Guillaume-Grabisch		2020		●		
Mr Bernard Kasriel	◆	2020	●			
Mr Georges Liarokapis	Employee Director	2022		●		
Mr Jean-Victor Meyers		2020		●		
Ms Virginie Morgon	◆	2021		C		
Ms Eileen Naughton	◆	2020			●	

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

3.1. Independence of the Directors

The Appointments and Governance Committee proposes to the Board of Directors every year to review on a case-by-case basis the situation of each of the Directors with regard to their independence 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. Moreover, the Board of Directors considered that a term of office of over 12 years was not sufficient in itself for Mr Kasriel to automatically lose the status of independent Director.

If the Annual General Meeting votes in favour of the appointment and renewal that are proposed by the Board of Directors, the number of Independent Directors would be 8 out of 14, namely a rate of independence of 57% (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 votes in favour of the appointment and renewal proposed to it, the number of women on the Board of Directors would be 7 out of the 14 Directors appointed by the Annual General Meeting, namely a percentage representation of women of 50% (the two Directors representing the employees are not taken into account pursuant to the French Commercial Code).

3.3. Length of office and minimum number of shares held

The length of the office of the Directors appointed by L'Oréal's Annual General Meeting is set at four years. 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 1,000 L'Oréal shares. On the date of his/her appointment by the Annual General Meeting, every Director must hold at least 500 shares, with the remainder to be acquired at the latest within the next 24 months.

A list of the offices and functions of the Directors at 31 December 2018 (with an indication of the number of L'Oréal shares held for Directors appointed by the Annual General Meeting) begins on page 57 of the Registration Document.

Fourth resolution: Appointment of Ms Fabienne Dulac as a Director

The Annual General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, appoints Ms Fabienne Dulac as a Director for a period of four years.

Her office will expire at the end of the Annual General Meeting to be held in 2023 to review the financial statements for the previous financial year.

Fifth resolution: Renewal of the office of Ms Sophie Bellon as a Director

The Annual General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, renews the office of Ms Sophie Bellon as Director for a period of four years.

Her office will expire at the end of the Annual General Meeting to be held in 2023 to review the financial statements for the previous financial year.

RESOLUTION 6: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR THE DETERMINATION, ALLOCATION AND DISTRIBUTION OF THE COMPONENTS OF THE TOTAL REMUNERATION AND THE BENEFITS OF ALL KINDS THAT MAY BE GRANTED TO THE EXECUTIVE OFFICERS

EXPLANATORY STATEMENT

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Annual General Meeting is called on to approve the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers due to their mandate.

These principles and criteria are presented in the Report of the Board of Directors, and are set out in section 2.5.1 of the Registration Document.

Sixth resolution: Approval of the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors drawn up pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers.

RESOLUTION 7: APPROVAL OF THE FIXED AND VARIABLE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID OR ALLOCATED TO MR JEAN-PAUL AGON FOR THE 2018 FINANCIAL YEAR DUE TO HIS OFFICE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

EXPLANATORY STATEMENT

Pursuant to Article L. 225-100 of the French Commercial Code, the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr Jean-Paul Agon for the 2018 financial year on the basis of his office as Chairman and Chief Executive Officer must be approved by the Ordinary General Meeting.

SUMMARY TABLE OF COMPONENTS OF REMUNERATION PAID OR ALLOCATED FOR THE 2018 FISCAL YEAR

Components of remuneration paid or allocated for the 2018 financial year	Amounts or accounting valuation put to the vote	Description
Fixed remuneration *2018/2017 changes*	**€2,200,000** 0%	At its meeting on 8 February 2018, the Board of Directors decided, on the proposal of the Human Resources and Remuneration Committee, to maintain the fixed gross annual remuneration of Mr Jean-Paul Agon at €2,200,000.
Annual variable remuneration	**€2,045,998** 93.0% out of a maximum target of 100% of the fixed remuneration	The annual variable remuneration is designed to align the remuneration allocated to the Chairman and Chief Executive Officer with the Group's annual performance and to promote the implementation of its strategy year after year. The Board of Directors' intention is to encourage the Chairman and Chief Executive Officer both to maximise performance in each financial year and to ensure that it is repeated and regular year on year. Annual variable remuneration can amount to a maximum of 100% of the fixed remuneration. CRITERIA FOR ASSESSMENT OF THE PERFORMANCE FOR 2018 ◆ FINANCIAL CRITERIA **60%** ◆ Growth in comparable sales as compared to the budget *15%* ◆ Growth in market share as compared to the main competitors *15%* ◆ Growth in operating profit as compared to 2017 *10%* ◆ Growth in net earnings per share as compared to 2017 *10%* ◆ Growth in cash flow as compared to 2017 *10%* ◆ EXTRA-FINANCIAL AND QUALITATIVE CRITERIA **40%** ◆ ***Quantifiable criteria*** *(allocated equally among the following criteria)* *25%* - CSR (Sharing Beauty With All programme): Innovating sustainably, Producing sustainably, Living sustainably; Developing sustainably; - Human Resources: Gender parity, Development of talented employees, Access to training; - Digital Development ◆ ***Individual qualitative performance:*** *15%* Management, Image, Company reputation, Dialogue with stakeholders. The assessment is carried out on a criterion-by-criterion basis without offsetting among the criteria. A summary of achievements in 2018 is available on pages 102 of the Registration Document. ASSESSMENT FOR 2018 BY THE BOARD OF DIRECTORS OF 7 FEBRUARY 2019 On the basis of the above-mentioned assessment criteria, the Board of Directors decided, on the proposal of the Human Resources and Remuneration Committee, to award gross variable remuneration of €2,045,998 for 2018, namely 93.0% of the maximum objective, with a level of achievement of the financial and extra-financial and qualitative criteria of 91.7% and 95.0% respectively. The level of achievement for each financial criterion as well as the assessment of non-financial achievements are provided on pages 102-103 of the Registration Document. Pursuant to Article L. 225-100 of the French Commercial Code, the payment of this annual variable remuneration is subject to the approval of this seventh resolution.

Components of remuneration paid or allocated for the 2018 financial year	Amounts or accounting valuation put to the vote	Description
Other benefits ◆ **Performance shares**	**30,000** performance shares valued at €5,285,100 (fair value estimated according to the IFRS standards used to prepare the consolidated financial statements)	Within the scope of the authorisation of the Ordinary and Extraordinary General Meeting of 20 April 2016 (Resolution no. 15), the Board of Directors of 17 April 2018 decided, on the proposal of the Human Resources and Remuneration Committee, to make a conditional grant of 30,000 shares ("ACAs") to Mr Jean-Paul Agon. The estimated fair value of one performance share (ACAs) under the 17 April 2018 plan according to the IFRS standards applied for the preparation of the consolidated financial statements is €176.17, *i.e.* a fair value of €5,285,100 for the 30,000 ACAs granted to Mr Jean-Paul Agon in 2018. For the 20 April 2017 plan, the fair value of one ACAs amounted to €166.90. Final vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a 4-year vesting period as from the date of grant. Half of the number of shares that finally vests will depend on growth in comparable cosmetics sales as compared to those of a panel of competitors, such panel consisting of Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Johnson & Johnson, Henkel, LVMH, Kao, Coty; the other half will depend on the growth in L'Oréal Group's consolidated operating profit. The calculation will be based on the arithmetic average for the three full financial years of the vesting period. The first full year taken into account for evaluation of the performance conditions relating to this grant is 2019. The monitoring of performance conditions each year is described on pages 352 and 353 of the Registration Document. With respect to the criterion relating to sales, in order for all the free shares granted to finally vest for the beneficiaries at the end the vesting period, L'Oréal has to outperform the average growth in sales of the panel of competitors. Below that level, the grant decreases. The Board defines a threshold, not made public for confidentiality reasons, below which no share will finally vest pursuant to this criterion. With respect to the criterion related to operating profit, a level of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all the free shares granted to finally vest for the beneficiaries at the end of the vesting period. Below that level, the grant decreases. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion. The grant of shares from which Mr Jean-Paul Agon benefited in 2018 represents 3.22% of the total number of ACAs granted to the 2,141 beneficiaries of this same plan. In accordance with the authorisation granted by the Annual General Meeting on 20 April 2016, this grant of shares does not exceed 0.6% of the share capital, it being understood that the maximum amount granted to the executive officers may not represent more than 10% of the total number of free shares that may be granted. No stock option to purchase or subscribe for shares or other long-term incentive was granted to Mr Jean-Paul Agon in 2018.
◆ **Directors' fees**	**€0**	Mr. Jean-Paul Agon did not wish to receive attendance fees in his capacity as Chairman and Chief Executive Officer.
◆ **Benefits in addition to remuneration**	**€0** **€9,893**	◆ Benefits in kind: Mr. Jean-Paul Agon benefits from the necessary material resources for performance of his office such as, for example, the provision of a car with a chauffeur. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind. ◆ Additional social protection schemes: death, disability, healthcare insurance and defined-contribution pension. Mr. Jean-Paul Agon continues to be treated in the same way as a senior manager during the entire term of his corporate office which allows him to continue to benefit from the additional social protection schemes and, in particular, the employee benefit and healthcare schemes applicable to the Company's employees. The amount of the employer's contributions to these different schemes was €9,893 in 2018, €6,158 of which related to the defined contribution pension scheme, it being noted that the amount due in this respect will be deducted from the pension due in respect of the defined benefit pension in accordance with the provisions of this collective scheme. The continuation of this treatment was approved by the Annual General Meeting on 27 April 2010.

Mr. Jean-Paul Agon does not receive exceptional or multi-year remuneration.

Information on (i) severance benefits, (ii) dismissal or retirement benefits, (iii) monetary consideration for the non-compete clause, and (iv) the supplementary defined-benefit pension scheme to which Mr Agon may be entitled under his suspended employment contract, which were submitted to the AFEP-MEDEF for its advisory opinion, can be found on pages 97 and 98 of the Registration Document.

The application of the defined-benefit pension plan provisions of the employment contract of Mr Agon for the duration of his renewed corporate office was approved by the Annual General Meeting of 17 April 2018.

Seventh resolution: Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2018 financial year due to his office as Chairman and Chief Executive Officer

Pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2018 financial year due to his office as Chairman and Chief Executive Officer as presented in the explanatory statement for this resolution.

RESOLUTION 8: AUTHORISATION FOR THE COMPANY TO BUY BACK ITS OWN SHARES

EXPLANATORY STATEMENT

As the existing authorisation is due to expire in October 2019, it is proposed that the Annual General Meeting give the Board a new authorisation, it being specified that in the event of filing of a public offer 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.

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

- their cancellation by a reduction in its capital;
- their sale within the scope of employee share ownership programmes and their allocation to free grants of shares for the benefit of employees and executive officers of the L'Oréal Group;
- market-making through a liquidity agreement entered into with an investment services provider and in accordance with market practice accepted by the French Financial Markets Authority (AMF);
- retaining them and subsequently using them as payment in connection with external growth transactions.

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 will take effect on the date of this Annual General Meeting and will expire at the end of a period of 18 months from the date of this Annual General Meeting. It cancels from this day, for the unused portion, any previous authorisation with the same purpose.

The purchase price per share may not exceed €270 (excluding expenses). The authorisation would concern a maximum of 10% of the share capital, namely, for information purposes, at 31 December 2018, 56,039,665 shares for a maximum amount of €15,130,709,550, it being specified that the Company could not at any time hold more than 10% of its own capital.

Eighth resolution: Authorisation for the Company to buy back its own shares

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, authorises the Board of Directors, with the possibility for it to delegate to the Chairman and Chief Executive Officer, to purchase shares of the Company, in accordance with Articles L. 225-209 et seq. of the French Commercial Code and EU Regulation N° 596/2014 of the European Parliament and of the Council of 16 April 2014 and subject to the following conditions:

- the purchase price per share may not be greater than €270 (excluding expenses);
- the number of shares that may be bought by the Company may not exceed 10% of the number of shares forming the capital of the Company at the time the shares are bought back, that is, for information purposes, at 31 December 2018, 56,039,665 shares for a maximum amount of €15,130,709,550, it being stipulated that the Company may at no time hold over 10% of its own share capital.

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:

- their cancellation by a reduction in its capital;
- their allocation or sale to employees 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 through a liquidity agreement entered into with an investment services provider and in accordance with market practice accepted by the French Financial Markets Authority (AMF);
- retaining them and subsequently using them as payment in connection with external growth transactions.

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 filing of a public offer 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.

The Annual General Meeting resolves that this authorisation will take effect on the date of this Annual General Meeting and will expire at the end of a period of 18 months from the date of this Annual General Meeting. It cancels from this day, for the unused portion, any previous authorisation with the same purpose.

The Board of Directors will have the possibility 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 possibility for it to delegate, for the implementation of this resolution and more generally do anything that may be necessary.

7.1.2. EXTRAORDINARY PART

RESOLUTION 9: DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL THROUGH THE ISSUE OF ORDINARY SHARES WITH MAINTENANCE OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS

EXPLANATORY STATEMENT

It is proposed that the Annual General Meeting delegate to the Board of Directors its authority to increase the share capital through the issue of ordinary shares with maintenance of the shareholders' preferential subscription rights.

The total amount of capital increases carried out could not bring the share capital, which as at 31 December 2018 amounted to €112,079,330.40, to an amount over €156,911,062.56. This ceiling will also include any increases made pursuant to the fifteenth resolution approved at the 2018 Annual General Meeting, which remains in effect until 20 August 2020, and the tenth, eleventh, twelfth and thirteenth resolutions submitted to the vote of this Annual General Meeting. As an indicative maximum, this corresponds to an increase of 40% of the share capital.

No overallocation option is provided for.

This delegation of authority would be valid for a period of 26 months from the date of this Annual General Meeting, it being specified that, in the event of the filing of a public offer by a third party for the Company's shares, the Board of Directors may not use this authorisation during the public offer period without the prior authorisation of the General Meeting.

Ninth resolution: Delegation of authority to the Board of Directors to increase the share capital through the issue of ordinary shares with maintenance of the shareholders' preferential subscription rights

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Report of the Board of Directors and in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code, and in particular Article L. 225-129-2 of the French Commercial Code:

1) delegates to the Board of Directors its authority to increase the share capital on one or more occasions through the issue of ordinary shares of the Company. The delegation of authority thus granted to the Board of Directors is valid for a period of 26 months from the date of this Annual General Meeting;

2) resolves that the total amount of capital increases that may be carried out under this authorisation could not bring the share capital, which as at 31 December 2018 amounted to €112,079,330.40, to an amount over €156,911,062.56. The capital increases that may be carried out pursuant to the fifteenth resolution approved by the 2018 Annual General Meeting, which remains in effect until 20 August 2020, and the tenth, eleventh, twelfth and thirteenth resolutions submitted to the vote of this General Meeting will also be charged against this ceiling, it being specified that this total nominal amount does not take into account adjustments that may be made in accordance with the applicable provisions of the laws and regulations, and where applicable, the contractual provisions providing for other cases of adjustment, to preserve the rights of holders of free shares or stock options for the subscription and purchase of shares. As an indicative maximum, this corresponds to an increase of 40% of the share capital.

3) resolves that, in the event that the Board of Directors uses this delegation of authority, the shareholders will have a preferential subscription right to the shares issued pursuant to this resolution, in proportion to the number of their shares. If subscriptions made by shareholders by exercise of their irreducible subscription rights and, where applicable, by exercise of their reducible subscription rights they hold do not cover the full number of shares issued, the Board of Directors may offer to the public some or all of the shares not subscribed on the French or foreign market, or limit the increase in capital to the amount of the subscriptions on the condition that it reaches at least three-quarters of the intended increase in capital;

4) resolves that the transactions involving an increase in the share capital may be carried out any time, in compliance with the regulations in force on the date of the transactions in question. However, in the event of the filing of a public offer by a third party for the Company's shares, the Board of Directors may not use this delegation of authority during the public offer period without the prior authorisation of the General Meeting;

5) resolves that the Board of Directors will have full powers, with the possibility to delegate further under the conditions set by law, to implement this delegation of authority within the limits and under the conditions set out above in order to set the terms and conditions of the increases in capital and, in particular, in general, to carry out all actions and formalities, take all decisions and enter into all agreements that are useful or necessary to successfully carry out the share issues made pursuant to this delegation of authority and to record the final completion of the increase(s) in capital carried out pursuant to this delegation of authority and amend the Articles of Association accordingly;

6) notes that this delegation cancels any prior delegation with the same purpose.

RESOLUTION 10: DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL VIA THE CAPITALISATION OF SHARE PREMIUMS, RESERVES, PROFITS OR OTHER AMOUNTS

EXPLANATORY STATEMENT

It is proposed that the Annual General Meeting delegate to the Board of Directors its authority to increase the share capital *via* the capitalisation of share premiums, reserves, profits or other amounts.

The maximum nominal amount of the capital increases that may be carried out for this purpose is equal to the total amount of the sums capitalised and will be charged against the amount of the total ceiling provided for in the ninth resolution of this General Meeting.

In the event of a free grant of shares, the allotment rights representing fractional shares are neither tradable nor transferable. The corresponding shares will be sold and the amounts resulting from the sale will be allocated to the holders of such rights.

This delegation of authority would be valid for a period of 26 months from the date of the Annual General Meeting, it being specified that, in the event of the filing of a public offer by a third party for the Company's shares, the Board of Directors may not use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

Tenth resolution: Delegation of authority to the Board of Directors to increase the share capital via the capitalisation of share premiums, reserves, profits or other amounts

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors and in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code, and in particular Article L. 225-130 of the French Commercial Code:

1) delegates to the Board of Directors, with the possibility to delegate further, its authority to increase the share capital on one or more occasions *via* the capitalisation of share premiums, reserves, profits or other amounts that may be capitalised in the form of the allotment of free shares or an increase in the par value of the existing shares or by the joint use of both these processes. The delegation of authority thus granted to the Board of Directors is valid for a period of 26 months from the date of this Annual General Meeting;

2) resolves that the maximum nominal amount of the capital increases that may be carried out for this purpose will be equal to the total amount of the sums that may be capitalised and will be charged against the amount of the total ceiling provided for in the ninth resolution of this General Meeting. This total nominal amount does not take into account adjustments that may be made in accordance with the applicable provisions of the laws and regulations, and where applicable, the contractual provisions providing for other cases of adjustment to preserve the rights of holders of free shares or stock options for the subscription and purchase of shares;

3) resolves that, if the Board of Directors uses this delegation of authority, in accordance with the provisions of Article L. 225-130 of the French Commercial Code, the rights representing fractional shares will, where applicable, not be tradable or transferable, and that the corresponding shares will be sold; the amounts resulting from the sale will be allocated to the rights holders under the conditions and within the time periods provided for by the applicable regulations;

4) resolves that the transactions involving an increase in the share capital may be carried out any time, in compliance with the regulations in force on the date of the transactions in question. However, in the event of the filing of a public offer by a third party for the Company's shares, the Board of Directors may not use this delegation of authority during the public offer period without the prior authorisation of the Annual General Meeting;

5) resolves that the Board of Directors will have full powers, with the possibility to delegate further under the conditions set by law, to implement this delegation of authority within the limits and under the conditions set out below in order to set the terms and conditions of the increases in capital and, in particular, in general, to carry out all actions and formalities, take all decisions and enter into all agreements that are useful or necessary to successfully carry out the share issues made pursuant to this delegation of authority and to record the final completion of the increase(s) in capital carried out pursuant to this delegation of authority and amend the Articles of Association accordingly;

6) notes that this delegation of authority cancels any prior delegation with the same purpose.

RESOLUTION 11: 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 OF EQUITY SECURITIES OR SECURITIES GIVING ACCESS TO THE SHARE CAPITAL OF THIRD-PARTY COMPANIES

EXPLANATORY STATEMENT

The Annual General Meeting is asked to grant a delegation of authority to the Board of Directors to allow it to increase the Company's share capital in order to remunerate the contributions in kind granted to the Company, and comprising equity securities or securities giving access to the share capital of third-party companies, outside of a public exchange offer, to carry out possible external growth transactions.

The Board will make a decision based on the Contribution Auditors' Report on, notably, the value of the contributions, if required.

The amount of the capital increase(s) that may be carried out pursuant to this resolution is limited to 2% of the share capital on the day of the decision to increase the capital, and will be charged against the total ceiling for capital increases provided for in the ninth resolution approved during this General Meeting.

This delegation of authority will not apply in the context of a public offer for Company securities.

Shareholders will not have preferential subscription right on shares issued under this delegation.

Eleventh 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 of equity securities or securities giving access to the share capital of third-party companies

The Annual General Meeting, having reviewed the Report of the Board of Directors, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, and acting in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code, and specifically Article L. 225-147 paragraph 6 of the said code:

1) delegates to the Board of Directors, subject to the conditions set by law, the power to carry out a capital increase, on one or several occasions, up to 2% of the share capital on the day of the capital increase decision, based on the report by the Contribution Auditors indicated in the 1st and 2nd paragraphs of Article L. 225-147 mentioned above, if required, for the purpose of remunerating the contributions in kind granted to the Company, comprising equity securities or securities giving access to the share capital, through the issue, on one or several occasions, of ordinary shares in the Company, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable;

2) resolves that the amount of the capital increases that may be carried out pursuant to this resolution shall be charged against the total ceiling for capital increases provided for in the ninth resolution of this General Meeting;

3) decides that in the event a public offer is filed by a third party with regard to the shares of the Company, the Board of Directors will not be able to implement this delegation of authority during the public offer period without the prior authorisation of the General Meeting;

4) notes that, shareholders will not have a preferential subscription right to securities issued pursuant to this delegation;

5) decides that the Board of Directors will have full powers, with the faculty to delegate further under the conditions provided for by law, to implement this resolution, notably in order to:

a) decide to conduct a capital increase to remunerate the contributions,

b) determine the list of equity securities or securities giving access to the share capital contributed, approve, based on the report by the Contribution Auditors indicated in the first and second paragraph of Article L. 225-147 mentioned above, if required, the assessment of the contributions, set the conditions for the issue of shares remunerating the contributions, as well as, if applicable, the amount of any cash portion to be paid, approve the granting of special advantages and their value, and reduce, if the contributors agree, the assessment of contributions or the remuneration of special advantages,

c) duly note the completion of each capital increase and amend the Articles of Association accordingly,

d) deduct any costs of such a capital increase from the contribution premiums and take from this amount the amounts necessary to increase the legal reserve,

e) in general, carry out all measures and formalities that may be useful for the issue, the listing, and the financial services of the shares issued pursuant to this delegation,

6) sets the period of validity of this delegation of authority at 26 months from the date of this Annual General Meeting, and notes that this delegation renders ineffective the unused portion of any prior delegation with the same purpose.

RESOLUTIONS 12 AND 13: 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 twelfth resolution, to delegate to the Board of Directors the authority to decide on an increase in capital in favour of the Group's employees who are members of an Employee Savings Scheme.

This resolution, valid for a period of 26 months, would enable the employees of Group companies to subscribe for L'Oréal shares within the scope, in France, of the employee savings schemes.

In order for the Board to be able to implement, where applicable, a global employee share ownership programme in the best possible conditions, it is also proposed to the Annual General Meeting in the thirteenth resolution to delegate to the Board of Directors the authority to increase the capital in favour of Group employees or categories of Group employees outside France.

This resolution, valid for a period of 18 months, would make it possible to propose the subscription of L'Oréal shares to Group employees or categories of Group employees outside France, after adapting the conditions of the offer to local specificities.

In accordance with the French Labour Code, pursuant to the twelfth resolution, the issue price may not be higher than 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 nor may it be over 20% lower than this average.

Pursuant to the thirteenth resolution, the issue price would be determined under similar terms and conditions to those set for the twelfth 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 to delegate to the Board of Directors, pursuant to the twelfth and thirteenth resolutions, the authority to increase the share capital of the Company on one or more occasions within the limit of 1% of the share capital, namely for information purposes at 31 December 2018 through the issue of 5,603,966 new shares, this ceiling being applicable jointly to the twelfth and thirteenth resolutions. The amount of the capital increases that may be carried out pursuant to the twelfth and thirteenth resolutions will be charged against the total ceiling for capital increases provided for the ninth resolution approved at this Annual General Meeting.

Twelfth resolution: Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right

The Annual General Meeting, having reviewed the Reports of the Board of Directors and the Statutory Auditors, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings 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 carry out, on one or more occasions, on its own decisions alone, in the proportions and at the times it may consider appropriate, the issue of shares or securities giving access to the Company's capital reserved for employees, 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 members of an Employee Savings Scheme;

2) decides to cancel, in favour of the employees, executive 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 members of an Employee Savings Scheme, the shareholders' preferential subscription right for the shares or securities giving access to the Company's capital, it being specified that the subscription of the shares or securities giving access to the Company's 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 26 months as from the date of this Annual General Meeting, and records 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 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 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, at 31 December 2018, an increase in the share capital by a maximum nominal amount of €1,120,793.20 through the issue of 5,603,966 new shares), it being specified that the cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the thirteenth 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 twelfth and thirteenth resolutions;

5) resolves that the amount of the increases in capital that may be carried out pursuant to this resolution will be charged against the total ceiling for increases in capital provided for in the ninth resolution;

6) decides that the subscription price may include a discount as compared with 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 20% of this average, it being specified that the Board of Directors, or the person to whom it delegates, if it deems it appropriate, is expressly authorised to reduce or eliminate the discount, in particular to take into account legal and tax regimes applicable in the countries of residence of the beneficiaries of the capital increase;

7) decides, 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, as an additional 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, assessed on the basis of the subscription price, this does not lead to the limits provided for in Articles L. 3332-11 and L. 3332-19 of the French Labour Code being exceeded;

8) decides that the Board of Directors will have full powers with the possibility 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, for the shares issued pursuant to this delegation,
- decide on the list of the companies whose employees may benefit from the issue,
- decide on the amount to be issued, the features, where applicable, of the securities giving access 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 shares or 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 additional employer contribution and/or discount, to deduct, where applicable, the sums necessary for paying up such shares from the reserves, profits or share premiums, as it chooses,
- in general, carry out all acts and formalities, take all 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.

Thirteenth 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 framework of an employee share ownership plan

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Reports of the Board of Directors and 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 the shareholders' preferential subscription right in favour of the beneficiaries defined below;

2) decides to cancel the shareholders' preferential subscription right for the shares and securities giving access to the Company's capital 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 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 registered office 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 unit holders 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 18 months as from the date of this Annual General Meeting, and records 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 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;

4) decides 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 of the Chief Executive Officer, setting the opening date of the subscription period, with a maximum discount of 20%, and/or (ii) at the same price as decided on the basis of the twelfth 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 which would be carried out within the scope 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 may be carried out (namely, for information purposes, at 31 December 2018, an increase in the share capital by a maximum nominal amount of €1,120,793.20 through the issue of 5,603,966 new shares), it being specified that the cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the twelfth 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 twelfth and thirteenth resolutions;

6) resolves that the amount of the increases in capital that may be carried out pursuant to this resolution will be charged against the total ceiling for increases in capital provided for in the ninth resolution;

7) decides that the Board of Directors will have full powers, with the possibility to delegate further under the conditions provided for by law, to make use of this delegation of authority on one or more occasions, in particular in order to:

- decide on the list of beneficiaries, from one or more categories of beneficiaries defined above, or the categories of employees who will be beneficiaries of each issue and the number of shares to be subscribed 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 increase in capital and amend the Articles of Association accordingly,
- decide on the dates and any other terms and conditions of such an increase in capital 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,
- in general, carry out all acts and formalities, take all 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.

RESOLUTION 14: POWERS FOR FORMALITIES

EXPLANATORY STATEMENT

This resolution is intended to grant the powers necessary to carry out all formalities resulting from the holding of the Annual General Meeting.

Fourteenth 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.

SHARE CAPITAL: AUTHORIZATIONS IN FORCE AND PROPOSED TO THE ANNUAL GENERAL MEETING

	Authorisations in force				Authorisations proposed to the Annual General Meeting of 18 April 2019		
	Date of the Annual General Meeting (Resolution No.)	Length (date of expiry)	Maximum authorised amount	Use of the authorisation in 2018	Resolution No.	Length	Maximum calling
Share capital increases							
Capital increase through the issue of shares with maintenance of preferential subscription rights	20 April 2017 (11th)	26 months (19 June 2019)	Increase the share capital to €157,319,607[(1)]	None	9	26 months (17 June 2021)	Increase the share capital to €156,911,062.56[(1)]
Capital increase *via* the capitalisation of share premiums, reserves, profits or other amounts	20 April 2017 (12th)	26 months (19 June 2019)	Increase the share capital to €157,319,607 [(2)]	None	10	26 months (17 June 2021)	Increase the share capital to €156,911,062.56[(1)]
Capital increase reserved for L'Oréal employees savings plan (PEE)	17 April 2018 (16th)	26 months (16 June 2020)	1% of share capital at the date of the Annual General Meeting (*i.e.* a maximum of 5,617,997 shares at 17 April 2018)[(3)]	233,076[(3)]	12	26 months (17 June 2021)	1% of share capital on the date of the Annual General Meeting (*i.e.*, as an indication, 5,603,966 shares at 31 December 2018)[(5)]
Capital increase reserved for employees of foreign subsidiaries	17 April 2018 (17th)	18 months (16 October 2019)	1% of share capital at the date of the Annual General Meeting (*i.e.* a maximum of 5,617,997 shares at 17 April 2018)[(6)]	229,063[(4)]	13	18 months (17 October 2020)	1% of share capital on the date of the Annual General Meeting (*i.e.*, as an indication, 5,603,966 shares at 31 December 2018)[(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.	17 April 2018 (14th)	26 months (16 June 2020)	2% of the share capital on the date of the decision to increase the capital (*i.e.*, as an indication, 11,210,381 shares at 31 December 2017)[(2)]	None	11	26 months (17 June 2021)	2% of the share capital on the date of the decision to increase the capital (*i.e.*, as an indication, 11,207,933 shares at 31 December 2018)[(2)]
Buyback by the Company of its own shares							
Buyback by the Company of its own shares	17 April 2018 (12th)	18 months (16 October 2019)	10% of share capital on the date of the buybacks (*i.e.*, as an indication, 56,051,908 shares at 31 December 2017)	2,497,814[(5)]	8	18 months (17 October 2020)	10% of share capital on the date of the buybacks (*i.e.*, as an indication, 56,039,665 shares at 31 December 2018)
Reduction in the share capital via cancellation of shares							
Cancellation of shares purchased by the Company within the scope of Article L. 225-209 of the French Commercial Code	17 April 2018 (13th)	26 months (16 June 2020)	10% of share capital on the date of cancellation per 24-month period (i.e. as an indication, 56,051,908 shares at 31 December 2017)	2,497,814			
Cancellation of shares purchased by the Company within the scope of Article L. 225-208 of the French Commercial Code	17 April 2018 (13th)	26 months (16 June 2020)	771,125 shares	None			
Free grants of shares							
Grant of existing free shares or shares to be issued to the employees	17 April 2018 (15th)	26 months (20 August 2020)	0.6% of the share capital on the grant decision date (i.e., as an indication, 3,363,114 shares at 31 December 2017)	931,000[(6)]			

(1) Total ceiling on capital increases, for all authorisations. It corresponds to maximum increases of 40% of the capital.

(2) The cumulative amount of the increases in share capital that may be carried out pursuant to the 12th and 13th resolutions submitted for a vote of the Annual General Meeting on 18 April 2019 may not exceed the maximum amount of 1% of the share capital which constitutes a ceiling which applies jointly to resolutions 16 and 17 adopted by the Annual General Meeting of 17 April 2018.

(3) These new shares resulted in increasing the capital by €46,615.20 and the recognition of additional paid-in capital in the amount of €32,687,839.28. The capital increase arising from bonus share grants was completed by deduction of an amount of €6,339.40 from "Other Reserves".

(4) These new shares resulted in increasing the capital by €45,812,60 and the recognition of additional paid-in capital in the amount of €37,462,626,88. The capital increase arising from bonus share grants was completed by deduction from "Other reserves". The capital increase arising from bonus share grants was completed by deduction from "Other reserves" for €0.40.

(5) It should be noted that the buyback transactions in April and May 2018 were completed under the authorisation granted by the Annual General Meeting of 20 April 2017, which expired on 20 October 2018.

(6) It should be noted that the conditional grant of shares approved by the Board of Directors at its meeting of 17 April 2018 was made pursuant to the authorisation given by the General Meeting of 20 April 2016, which expires on 20 June 2018.

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Information concerning Directors whose appointment or tenure renewal is proposed to the Annual General Meeting

APPOINTMENT PROPOSED TO THE ANNUAL GENERAL MEETING

FABIENNE DULAC

French
Age : 51
Chief Executive Director of Orange France and Deputy Chief Executive Officer of the Orange group, which she joined in 1997. She holds various positions in marketing, business development, communication and digital technology. She joined the Executive Committee of the Orange group in 2015 as Chief Executive Officer of Orange France. She is also a director of Orange Bank and Willa (incubator for female entrepreneurship).

- Professional address: Orange – 1 avenue Nelson Mandela – 94745 Arcueil Cedex
- Holds 500 L'Oréal shares

MAIN CORPORATE OFFICE HELD OUTSIDE L'ORÉAL	
Orange *	Deputy Chief Executive Officer CEO Orange France
OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD	
French companies	
Orange France°	Chief Executive Officer
Orange Bank°	Member of the Board of Directors
Other	
Willa	Member of the Board of Directors
CORPORATE OFFICES AND DIRECTORSHIP OVER THE LAST FIVE YEARS THAT HAVE EXPIRED	
None	

* *Listed company.*
° *Orange group companies.*

RENEWAL PROPOSED TO THE ANNUAL GENERAL MEETING

SOPHIE BELLON

French
Age: 57
Chairwoman of the Board of Directors of Sodexo. After a career in finance in the United States, she joined Sodexo in 1994, where she held a variety of positions, including as the Country Manager for the Business Division in France then as R&D and Innovation Strategy Manager. Sophie Bellon has been a Director of L'Oréal since 2015. She is the Chairwoman of the Appointments and Governance Committee, and the Compensation and Human Resources Committee, and a member of the Audit Committee.

EXPIRY DATE OF TERM OF OFFICE: 2019

- Professional address: Sodexo – 255 Quai de la Bataille de Stalingrad – 92130 Issy-Les-Moulineaux
- Holds 1,043 L'Oréal shares

MAIN CORPORATE OFFICE HELD OUTSIDE L'ORÉAL		
Sodexo*	Chairwoman of the Board of Directors	
OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD		
French companies		
Bellon SA [S]	Member of the Management Board	
PB Holding SAS [S]	Chairwoman	
France-China Committee (CPC)	Member of the Board of Directors	
Others		
Association Française des Entreprises Privées (AFEP)	Member of the Board of Directors	
Association Nationale des Sociétés par Actions (ANSA)	Member of the Board of Directors	
CORPORATE OFFICES AND DIRECTORSHIP OVER THE LAST FIVE YEARS THAT HAVE EXPIRED		**Expiry date of term of office**
French companies		
Sodexo	Vice-Chairwoman of the Board of Directors in charge of Research-Development-Innovation Strategy	2016
Bellon SA	Chairwoman of the Management Board	2015
Others		
Pierre Bellon Foundation	Founding Member	2018
SWIFT (Sodexo Women's International Forum for Talent)	Co-Chair	2018

* *Listed company.*
S *Sodexo Group companies.*

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Statutory Auditors' Reports

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended 31 December 2018)

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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 31 December 2018.

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 at 31 December 2018 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 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 the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Description of risk	How our audit addressed this risk
Measurement of investments	
See note 1.7. **Investments***, note 14.* **Financial assets***, and note 30.* **Table of subsidiaries and holdings***, to the parent company financial statements*	

At 31 December 2018, the carrying amount of investments recognized in the balance sheet amounted to €10,294 million, representing 62% of total assets. Investments are recognized at purchase cost excluding incidental expenses.
 	
An impairment loss is recognized if the value in use of a given item falls below its carrying amount.
 	
As described in note 1.7. to the financial statements, the value of these items 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 equity owned.
 	
In order to estimate the value in use of these items, management must use judgement to project future cash flows and determine the main assumptions to be used.
 	
Given the materiality of investments in the balance sheet and the inherent uncertainty of certain components of the calculations, including the forecasts used to calculate value in use, we deemed the measurement of investments to be a key audit matter, carrying a risk of material misstatement.
	We examined the methodology employed by management to estimate the value in use of investments.
	
	Our audit work consisted primarily in verifying, on the basis of the information provided to us, that the estimated values determined by management were based on an appropriate measurement method and underlying data and, depending on the investment:
	• for valuations based on historical data: comparing the data used in the impairment tests performed on investments with the accounting data drawn from the audited financial statements of the subsidiaries concerned;
	• for valuations based on an estimated value in use:
	  ◦ assessing the consistency of projections of sales and margin rates with past performance and the economic and financial context;
	  ◦ corroborating the growth rates used with analyses of the performance of the global cosmetics market, taking into account the specific features of local markets and distribution channels in which the Group operates;
	  ◦ assessing the discount rates applied to future cash flows, by comparing their inputs with external references, with the guidance of our valuation experts.

Recognition of sales – estimation of items to be deducted from sales	
See note 1.1. **Accounting principles – Sales***, and note 2.* **Sales***, to the parent company financial statements*	
Sales incentives, discounts and product returns are deducted from sales of goods. These various deductions are recorded simultaneously to the recognition of sales, based mainly on statistics compiled from past experience and contractual conditions. We deemed estimating these amounts at the reporting date to be both difficult (due to the range of contracts and contractual conditions prevalent in the Group's different markets) and sensitive (sales are a key indicator in the assessment of the performance of the Company and its management), and to have a material impact in the financial statements. Accordingly, these estimates constitute a key audit matter given the risk that sales incentives, discounts and other incentives granted to customers (distributors or consumers) are not fully catalogued and/or properly measured and thus that net sales are not accounted for correctly or in the appropriate reporting period.	We assessed the appropriateness of the accounting policies applied by the Company with respect to the recognition of product returns, sales incentives, discounts and other incentives granted to customers, with respect to French accounting principles. We familiarized ourselves with the Internal Control systems implemented within the Company, with a view to measuring and accounting for items deducted from sales, especially at the end of the reporting period, and we tested, on a sample basis, the main controls of those systems. We also carried out substantive tests on representative samples in order to ascertain whether product returns and incentives granted to customers were being estimated correctly. Our tests consisted primarily in: • assessing the appropriateness of valuation methods, in particular through a critical assessment of the assumptions used, verification of the consistency of the methods, and analysis of the unwinding of provisions from the previous year; • reconciling the statistics compiled from past experience and contractual conditions with the data contained in the IT systems dedicated to the management of commercial conditions; • verifying the calculation of the corresponding expenses (including the residual commitment at the end of the reporting period) and how they are recorded in the accounting system and presented in the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the Management Report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

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 provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the corporate governance section of the Board of Directors' Management Report sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers 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 controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code relating to those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the acquisition of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of L'Oréal by the Annual General Meeting of 29 April 2004 for both PricewaterhouseCoopers Audit and Deloitte & Associés.

At 31 December 2018, PricewaterhouseCoopers Audit and Deloitte & Associés were in the fifteenth consecutive year of their engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the Internal Control procedures it deems necessary for the preparation of financial statements that are free of 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 expects 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, as well as, where applicable, any Internal Audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective 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 of 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 taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the Internal Control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in Internal Control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute 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 defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 18 February 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Anne-Claire Ferrié	Frédéric Moulin

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2018)

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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 31 December 2018.

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 at 31 December 2018 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 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 the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of intangible assets

See note 7.1. **Goodwill*****, note 7.2.*** **Other intangible assets*****, note 7.3.*** **Impairment tests on intangible assets*****, and note 4.*** **Other operational income and expenses*****, to the consolidated financial statements***

Description of risk

At 31 December 2018, the carrying amount of goodwill and other intangible assets recognized in the consolidated financial statements totaled €12,684 million, representing 33% of assets. These assets consist primarily of goodwill and non-amortized brands with indefinite useful lives, recognized following business combinations.

When an adverse event occurs, or at least once a year, the Group verifies that the carrying amount of these assets is not greater than their recoverable amount and does not present a risk of impairment (impairment test).

The recoverable amount of each Cash Generating Unit (CGU) is 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 main assumptions taken into account in the measurement of recoverable amount concern:
- growth in sales and margin rate;
- a perpetual growth rate for calculating the terminal value; and

discount rates based on the weighted average cost of capital, where necessary adjusted by a country risk premium.

The impairment tests performed did not lead to any impairment losses being recognized at 31 December 2018.

We deemed the measurement of these assets to be a key audit matter because of their relative materiality in the consolidated financial statements and because the calculation of their recoverable amount requires a high degree of judgement from management in terms of projecting future cash flows and determining the main assumptions to be used.

How our audit addressed this risk

We examined the methodology for performing impairment tests.

We assessed, in particular, the quality of the process for drawing up and approving budgets and forecasts by management, the reasonableness of the main estimates made and, more specifically:

- the consistency of projections of sales and margin rates with the Group's past performance and the economic and financial context in which the Group operates;
- the corroboration of the growth rates used with analyses of the performance of the global cosmetics market, taking into account specific features of the local markets and distribution channels in which the Group operates;
- the discount rates applied to future cash flows, by comparing their inputs with external references, with the guidance of our valuation experts;
- the analyses of the sensitivity of the recoverable amount to the key main assumptions used, as described by management in note 7.3. to the consolidated financial statements, and to our own analyses.

Measurement of provisions for liabilities and charges and contingent liabilities

See note 12. **Provisions for liabilities and charges – Contingent liabilities and material ongoing disputes*****, to the consolidated financial statements***

Description of risk

The Group is exposed to various risks arising in the ordinary course of its operations, particularly tax risks, industrial, environmental and commercial risks relating to operations (excluding provisions for product returns), employee-related risks and risks related to antitrust investigations, for which provisions amounting to €999 million had been recorded at 31 December 2018.

When the amount or due date of a liability can be estimated with sufficient reliability, provisions are recorded for these risks. When this is not the case, the Group provides disclosures on contingent liabilities in the notes to the consolidated financial statements.

The contingent liabilities and material ongoing disputes reported in note 12.2.1. include tax disputes in Brazil and India. These tax risks amounted to €684 million and €137 million, respectively, and are partially covered by provisions.

We deemed the determination and measurement of provisions for liabilities and charges to be a key audit matter given:

the high degree of judgement required from management to determine which risks should be provisioned and to measure with sufficient reliability the amounts of these provisions;

- the potentially material impact of these provisions on the Group's operating profit.

How our audit addressed this risk

In order to identify and gain an understanding of all of the existing disputes and liabilities as well as the corresponding judgments made, we conducted interviews with the Group General Management, the Legal and Tax Departments and the relevant local management teams at all levels of the organization, in France and abroad. We corroborated the list of identified disputes with:

- the Group's risk mapping, as presented by the Legal Department to the Audit Committee;
- the information provided by the principal law firms acting for the Group, with which we conducted interviews.

We assessed the quality of management's estimates by comparing the amounts paid out with the provisions recorded in recent years.

Regarding the most significant disputes for which a provision was recorded, with the guidance of our experts in the field, we carried out the following procedures:

- we examined the procedural aspects and/or the legal or technical opinions prepared by the lawyers or external experts selected by management in order to assess the merits of the decision to record a provision;
- on the basis of the information provided to us, we critically assessed the estimated ranges of risk level determined by the Group's lawyers and verified that the measurements used by management fall within these ranges;
- when appropriate, we verified the consistency of the methods used for these assessments.

Regarding contingent liabilities, with the guidance of our experts in the field, we examined the procedural aspects and/or the legal or technical opinions prepared by the lawyers or external experts selected by management in order to assess the merits of the decision not to record a provision. We verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Description of risk	How our audit addressed this risk
Recognition of net sales – estimation of items to be deducted from sales	
See note 3.* Accounting principles – Net sales*, to the consolidated financial statements	
Sales incentives, discounts and product returns are deducted from sales, as are incentives granted to distributors or consumers, such as commercial cooperation, coupons, discounts and loyalty programs. These various deductions are recorded simultaneously to the recognition of sales, based mainly on statistics compiled from past experience and contractual conditions. We deemed estimating these amounts at the reporting date to be both difficult (due to the range of contracts and contractual conditions prevalent in the Group's different markets) and sensitive (sales are a key indicator in the assessment of the performance of the Group and its management), and to have a material impact in the financial statements. Accordingly, these estimates constitute a key audit matter given the risk that product returns, sales incentives, discounts and other incentives granted to customers (distributors or consumers) are not fully catalogued and/or properly measured and thus that net sales are not accounted for correctly or in the appropriate reporting period.	We assessed the appropriateness of the accounting policies applied by the Group with respect to the recognition of product returns, sales incentives, discounts and other incentives granted to customers, with respect to IFRS. We familiarized ourselves with the Internal Control systems implemented by the Group's commercial entities, with a view to measuring and accounting for items deducted from sales, especially at the end of the reporting period, and we tested, on a sample basis, the main controls of those systems. We also carried out substantive tests on representative samples in order to ascertain whether product returns and incentives granted to customers were being estimated correctly. Our tests consisted primarily in: ◆ assessing the appropriateness of valuation methods, in particular through a critical assessment of the assumptions used, verification of the consistency of the methods, and analysis of the unwinding of provisions from the previous year; ◆ reconciling the statistics compiled from past experience and contractual conditions with the data contained in the IT systems dedicated to the management of commercial conditions; ◆ verifying the calculation of the corresponding expenses (including the residual commitment at the end of the reporting period) and how they are recorded in the accounting system and presented in the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented 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.

We attest that the consolidated non-financial information statement provided for in Article L. 225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the Management Report, it being specified that, in accordance with Article L. 823-10 of the Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information contained in that statement, which must be verified in a report by an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of L'Oréal by the Annual General Meeting of 29 April 2004 for both PricewaterhouseCoopers Audit and Deloitte & Associés.

At 31 December 2018, PricewaterhouseCoopers Audit and Deloitte & Associés were in the fifteenth consecutive year of their engagement.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the Internal Control procedures it deems necessary for the preparation of consolidated financial statements that are free of 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 expects 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, as well as, where applicable, any Internal Audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective 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 of 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 taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the Internal Control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain 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 Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in Internal Control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute 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 defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 18 February 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Anne-Claire Ferrié	Frédéric Moulin

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

(Annual General Meeting for the approval of the financial statements for the year ended 31 December 2018)

This is a free translation into English of the Statutory Auditors' Special 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 Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the performance during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

Agreements and commitments submitted for the approval of the Annual General Meeting

Agreements and commitments authorized and entered into during the year

We were not informed of any agreements or commitments authorized and entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments already approved by the Annual General Meeting

A. Agreements and commitments approved during previous years

In accordance with Article R. 225-30 of the French Commercial Code, we were informed that the following agreement, already approved by the Annual General Meeting on 27 April 2010 and described in our special report of 19 February 2010, continued to be performed during the year.

Agreement concerning Jean-Paul Agon, Chairman and Chief Executive Officer

- Suspension of Jean-Paul Agon's employment contract during the term of his corporate office.
- Elimination of all rights to remuneration in respect of the corporate office.

In the event of departure, and depending on the reasons for such departure, Jean-Paul Agon will only be paid the termination indemnities (save for gross misconduct or gross negligence) or retirement indemnities due in the event of voluntary retirement or retirement at the Company's request pursuant to 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-competition clause and the related financial consideration.

Under no circumstances may the remuneration in respect of the corporate office be taken into consideration for the calculation of the indemnities due pursuant to the collective bargaining agreement and the company-level agreements applicable to all L'Oréal senior managers.

Jean-Paul Agon will continue to benefit from the defined-benefit pension scheme currently applicable to the Group's senior managers, as described in chapter 2 of the Management Report.

- Terms and conditions relating to the suspension of Jean-Paul Agon's employment contract:
  - The reference remuneration 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 will be based on the amount of remuneration at the date of suspension of the employment contract in 2006, namely, fixed remuneration of €1,500,000 and variable remuneration of €1,250,000. 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*). As of 1 January 2019, the fixed remuneration amounted to €1,684,500 and the variable remuneration to €1,403,750.
  - The seniority applied will cover his entire career, including his years as Chairman and Chief Executive Officer.
- Jean-Paul Agon will continue to be treated in the same way as a senior manager throughout the term of his corporate office, which allows him to benefit from the additional social protection schemes, including the definedcontribution pension, employee benefit and healthcare schemes applicable to the Company's employees, as described in chapter 2 of the Management Report.

B. Agreements and commitments approved during the year

We were informed that the following agreement, approved by the Annual General Meeting on 17 April 2018 and described in our special report of 20 February 2018, continued to be performed during the year.

Continued application of the provisions of Jean-Paul Agon's employment contract corresponding to defined-benefit pensions for the duration of his renewed term of corporate office from 17 April 2018

Pursuant to Article L. 225-22-1 of the French Commercial Code, as amended by the French law of 6 August 2015 for growth, activity and equality of economic opportunities, the provisions of the suspended employment contract corresponding to defined benefit pension commitments determined for the period of exercise of the corporate office are subject to the rules set forth in Article L. 225-42-1 of the same Code.

In accordance with the law, these provisions were applied for the first time on the re-appointment of Jean Paul Agon as Chairman and Chief Executive Officer of the Company, which matter was decided by the Board of Directors at its meeting of 17 April 2018.

On 8 February 2018, the Board of Directors authorized the commitments made with regard to Jean-Paul Agon providing for the implementation of the provisions of his employment contract for the duration of his renewed term of corporate office, as approved by the Annual General Meeting of 27 April 2010, corresponding to defined-benefit pension commitments, which are described in chapter 2 of the Management Report. The Board made the increase of the conditional rights over this period subject to fulfilment of the applicable performance conditions, as assessed in the light of the performance conditions of the Company.

It is specified that pursuant to the provisions of the agreement to suspend the employment contract on defined-benefit pension commitments and for the duration of his new term of office:

- firstly, the calculation base of the Chairman and Chief Executive Officer's pension will be revalued on the basis of the salaries and contributions revaluation coefficient published by the French state pension fund (*Caisse nationale d'assurance vieillesse*), as presented in paragraph A of this report; and
- secondly, the Chairman and Chief Executive Officer will continue to accrue seniority during the renewed term of his corporate office, up to the date on which he reaches the upper limit of 40 years of service required under the scheme, namely, on 1 September 2018. As a result, no other supplementary annuity may be subsequently granted to him.

Pursuant to Article L. 225 42 1 of the French Commercial Code, the Board of Directors, acting on the recommendations of the Human Resources and Remuneration Committee, decided to take into account the same performance as that used to determine the annual variable remuneration of the executive corporate officer.

The increase in the conditional rights for a given financial year will therefore depend on the fulfilment of at least 80% of the performance objectives taken into account to determine the annual variable remuneration of Jean-Paul Agon. If the 80% threshold is not met, no increase will be granted for the financial year in question.

Pursuant to Article L. 225-42-1 of the French Commercial Code, the Board of Directors will verify compliance with the conditions it has stipulated annually and prior to the Annual General Meeting called to approve the financial statements for the last complete financial year. At this time, the Board will also determine the increase, for said financial year, of the conditional rights of the Chairman and Chief Executive Officer corresponding to defined-benefit pension commitments for the duration of his renewed term of corporate office, as described, for financial year 2018, in chapter 2 of the Management Report.

Neuilly-sur-Seine and Paris-La Défense, 18 February 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Anne-Claire Ferrié	Frédéric Moulin

STATUTORY AUDITOR'S REPORT ON THE ISSUE OF SHARES AND SECURITIES GIVING ACCESS TO THE COMPANIES' SHARE CAPITAL RESERVED FOR MEMBERS OF AN EMPLOYEE SAVINGS SCHEME

(Ordinary and Extraordinary Annual General Meeting of April 18, 2019 - Twelfth 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.

L'Oréal
14, rue Royale
75008 Paris, France

To the Shareholders,

In our capacity as the Statutory Auditors of your 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 giving 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 foreign 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 share savings program, 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 total number of shares that may be issued, on one or more occasions, under this delegation, may not exceed 1% of the Company's share capital as at the date of this Annual General Meeting, it being specified that the aggregate amount of the capital increases that may be carried out under this resolution and the thirteenth resolution may not exceed the maximum amount of 1% of the share capital as at the date of this Annual General Meeting, and that the amount of any capital increases that may be carried out, either immediately or in the future, under this resolution, will be counted against the maximum limit for capital increases provided for in the ninth resolution of this Annual General Meeting.

On the basis of its report, the Board of Directors invites you to delegate, for a period of twenty-six months as of 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 the 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 terms and conditions for setting 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 set out 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 shares or securities giving access to other securities, or issue securities giving access to securities to be issued.

Neuilly-sur-Seine, February 18, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit
Anne-Claire Ferrié

Deloitte & Associés
Frédéric Moulin

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND SECURITIES GIVING 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 18, 2019 – Thirteenth 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.

L'Oréal
14, rue Royale
75008 Paris, France

To the Shareholders,

In our capacity as the Statutory Auditors of your 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 giving 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 foreign 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 total number of shares that may be issued, on one or more occasions, under this delegation, may not exceed 1% of the Company's share capital as at the date of this Annual General Meeting, it being specified that the aggregate amount of the capital increases that may be carried out under this resolution and the twelfth resolution may not exceed the maximum amount of 1% of the share capital as at the date of this Annual General Meeting, and that the amount of any capital increases that may be carried out, either immediately or in the future, under this resolution, will be counted against the maximum limit for capital increases provided for in the ninth resolution of this Annual General Meeting.

On the basis of its report, the Board of Directors invites you to delegate, for a period of eighteen months as of 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 the 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 terms and conditions for setting 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 set out 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 shares or securities giving access to other securities, or issue securities giving access to securities to be issued.

Neuilly-sur-Seine and Paris-La Défense, February 18, 2019

The Statutory Auitors

PricewaterhouseCoopers Audit Anne-Claire Ferrié	Deloitte & Associés Frédéric Moulin

7

Request for provision of statutory documents and information [1]

ANNUAL GENERAL MEETING OF 18 APRIL 2019

Documents may be viewed or downloaded on the Company's Internet website:
www.loreal-finance.com

I, the undersigned:..

Surname: .... First name: ....

Address: ....

Post code: .... City: ....

The holder of: .... registered shares (insert number of shares)

And/or of ....bearer shares (insert number of shares)

Registered with [2] ....

request that the document and information provided in Articles R. 225-81 and R. 225-83 of the French Commercial Code concerning the General Meeting to be held on April 18th, 2019, be sent to me at the above address.

Signed in ...., on 2019

(1) *This request is reserved for shareholders only and must be sent to L'Oréal, for the attention of the Director of Shareholder Relations, 41, rue Martre – 92117 Clichy Cedex – France. Fax: +33 1 47 56 86 42 - E-mail: info-ag@loreal-finance.com – Toll free (from France only): 0 800 66 66 66, from abroad: +33 1 40 14 80 50.*

(2) *Please provide precise details of the bank, financial institution or brokerage firm which is the custodian of the shares, together with a certificate showing that the person requesting the information is a shareholder at the time of his/her request.*

Conception & réalisation LABRADOR +33 (0)1 53 06 30 80

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Incorporated in France as a "Société Anonyme"
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