L'Oréal Annual General Meeting held on 23 April 2024

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Answers of the Board of Directors to written questions asked by shareholders

On the occasion of a general meeting, written questions may be addressed to the Company under the conditions laid down by law. In accordance with the legislation in force, the answer to a question is deemed to have been provided as soon as it is published on the Company's website.

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

FIR questions

The Forum pour l'Investissement Responsable (FIR) is a multi-stakeholder association that promotes and develops Socially Responsible Investing (SRI). It engages in constructive dialogue with leading French businesses in the context of its Dialogue and Engagement Committee (*Commission Dialogue et Engagement*), whose members manage over 4,600 billion euros in assets.

For the fifth year running, the FIR is sending all companies listed on the CAC 40 index questions produced by sector and subject-matter experts related to environmental, social and governance (ESG) issues. The reports on the responses given from 2020 to 2023 are available on our website and an analysis of the 2024 answers will be published in a new study, which will highlight the progress made.

The FIR expects the answers provided by companies to be tailored and appropriate to the questions asked. References made to documents available on companies' websites may be used by analysts when they are essential to reach a clear understanding of the answers given and provided that they can be fully localised.

This year, the overall rating of answers may be weighted, according to your material issues. Please indicate the level of materiality you assign to each issue (see email for details).

Please also find attached your 2023 evaluation, along with contextual information to foster greater transparency and precision in your answers.

L'Oréal's overall average score for 2023 was 1.9/3. For one question, you did not score any points.
Please see below for details.

Questions	**Themes**	**Score**/3
Q1	*Environment*	2
Q2	*Biodiversity*	3
Q3	*Circular economy*	2
Q4	*Remuneration*	2
Q5	*Share buybacks*	1
Q6	*Living wage*	3
Q7	*Employee savings*	2
Q8	*Taxation*	0
Q9	*Lobbying*	3
Q10	*Integration of social partners*	1

NB: The theme for question 4 has changed this year. In 2024, questions 4 and 10 have been switched to maintain the order of key pillars: environmental (Q1 to Q3), social (Q4 to Q7) and governance (Q8 to Q10).

Please see below our questions this year as follow:

1. *Environment*

Question 1

a) Could you reiterate your short-, medium- and long-term decarbonisation targets for each of your three scopes (in terms of both your absolute value and intensity)? Please clarify the key initiatives you are planning to meet each goal (including the percentage contribution of each initiative to each goal).

What proportion of your strategy is dedicated to negative emissions (e.g., absorption and storage), emissions prevented and carbon credits (as distinct from your decarbonisation targets)?
You may use the table in Appendix 1 to clarify your answer.

b) Could you also indicate the amount of investment necessary for each of the actions implemented across your three scopes? Please specify the time horizon for each of these investments.
The information required here is very often different from the amount of CAPEX/OPEX aligned with EU Taxonomy, which only covers investments in your sustainable activities and excludes those related to your overall decarbonisation plan.

c) On which reference scenario(s) is your decarbonisation strategy based (for the three scopes)? Is it aligned with a 1.5°C scenario? Has it been approved by an independent third party such as the SBTi *or* ACT- ADEME?

Please provide the name of the reference scenario(s) and the reference organisation(s) (e.g., IEA, IPCC, etc.).

Question 2

There is still insufficient consideration of biodiversity-related risks, impacts, dependencies and opportunities in companies' business activities (internal operations, supply chain, products, customer services, etc.). However, the context and the tools (e.g., TNFD, SBTN, GRI) are improving, as are related practices. This issue may seem somewhat immaterial for some sectors. However, we feel it nonetheless warrants an analysis by all parties.

a) Have you taken any steps to assess, monitor and reduce your dependencies, your risks and your footprint while also exploring your opportunities (investment in projects that have nature-positive impacts, services that promote diversity, etc.) with respect to biodiversity and nature?

Is this assessment up to date and does it cover your entire value chain (direct operations, upstream and downstream)? In the event that it does not cover part of your value chain, do you plan to extend the scope of this assessment? If not, why?

b) Do you publish the results of this work? If not, do you plan to publish them? Please explain your answer.

Do you plan to draw on voluntary frameworks such as the TNFD, SBTN or GRI101 to report on nature-related risks and opportunities?

c) Do you publish or do you plan to publish quantitative indicators for biodiversity-related risks and opportunities for your company (assets, liabilities, income and expenditure seen as vulnerable to nature-related risks, CAPEX, financing or investment earmarked for nature-related opportunities)? If so, please state which and indicate whether you set targets? Explain why you chose these indicators. If not, please state why.

Question 3

a) How does the circular economy fit into the company's strategy?
Assessment criteria:
- *Targets (quantitative, ambition, scope)*
- *Ambition and quality of strategy*

- *Links to other sustainable development issues (such as decarbonisation and biodiversity)*

b) What risks has the company identified in relation to resources, costs incurred and the amount of CAPEX/OPEX allocated to promote a circular economy?

Assessment criteria:

- *Identification of upstream and downstream risks (scarcity, sourcing, access difficulties, waste management, regulation, etc.)*
- *Related financial costs*
- *CAPEX and OPEX (as %)*

c) What key actions has the company taken to create a more circular business model? What proportion of sales does this represent?

Assessment criteria:

- *Integration of the different pillars of the circular economy (reducing resource consumption/conservation, eco-design, sustainable sourcing, reuse, industrial and territorial ecology, recycling, etc.)*
- *Scaling up initiatives and projects to promote a circular economy*
- *Percentage of sales linked to circular solutions (or any other indictor linked to the circular economy)*

2. Social

Question 4

a) In France, the "Climate and Resilience" Act of 22 August 2021 (Loi "Climat et Résilience") and the national cross-industry agreement (ANI) on the ecological transition and social dialogue of 11 April 2023 extended the environmental prerogatives assigned to the Social and Economic Committee (SEC) while strengthening the role of local representatives. In the past twelve months, which initiatives have most clearly embodied a change in the way these bodies operate within your Group, in line with these measures?

b) In light of these new prerogatives, the training and expertise of social partners are key issues. Have you recently developed (or do you plan to develop in the near future) any programmes dedicated to social partners to foster their expertise in environmental issues beyond the minimum legal requirements?

c) International framework agreements are a means to improve the quality of social relations within large companies. Does your Group have a framework agreement that goes beyond the scope of the European Union? If so, how have you incorporated the issue of the ecological transition and broader environmental issues? If not, do you have any plans to do so? For your five main regional markets outside France, can you list key initiatives that highlight a recent increase in the involvement of social partners in the company's environmental policy?

Question 5

a) For each of the last five financial years, could you please state the number of shares repurchased (please also indicate the number of shares under liquidity contracts) and the number of shares issued, along with the number of treasury shares held at the start and end of each financial year? For each of these financial years, please provide a breakdown of the number of shares cancelled; the number of shares allocated as performance shares (along with the number of beneficiaries and their proportion in relation to the overall number of group employees); the number of shares distributed through employee shareholding plans (along with the number of eligible employees, the number of actual beneficiaries and their percentage of the total Group workforce); other uses (including relevant details)?

You may use the table in Appendix 2 to clarify your answer.

b) With respect to performance share plan, where applicable, how do you "offset" the effects of treasury shares or cancelled shares to determine whether goals have been met?

c) Please indicate the amount invested (R&D and capex) over the past five financial years (year by year). How much share capital have you repurchased and cancelled during this period? You may use the table in Appendix 3 to clarify your answer. As part of the overall approach to value sharing, do you scale the amount allocated to share buybacks in relation to amount of investments – particularly with respect to the ecological transition – by the company (which is vital to create value and ensure the long-term success of the company)? If so, do you apply any particular rules in this regard? If not, please explain why you have chosen not to consider investments when determining buyback amounts.

Question 6

The Global Living Wage Coalition defines a living wage as: "The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events." A living wage is also very different from the local legal minimum wage.

a) Have you adopted a living wage definition similar to the above? If so, what is it? Have you developed a policy/commitment with regard to this living wage matter (public commitments, accreditation as a Living Wage Employer, etc.)?

Please note that answers to the following questions should include information specifically related to a living wage, as opposed to the minimum wage required by local law. If you have not yet committed to a living wage, please skip to question 7.

b) Based on your definition of a living wage, have you begun to calculate its amount and what methodology do you use? If so, in which region(s) and across what scope (employees, freelancers, smallholders, etc. and/or suppliers' employees)? What sort of information do you publish on the matter?

Have you identified any gaps between the minimum wage and the living wage?

c) Can you describe any actions taken to implement a living wage? (e.g., Developing internal management and training focused on a living wage; engaging with social partners and/or suppliers; improving purchasing practices; promoting freedom of association and collective bargaining, etc.).

d) How do you measure the implementation of living wages for your employees and suppliers? Please provide details of how any independent audits have contributed to monitoring.

e) Have you identified any hurdles liable to prevent the payment of a living wage to your employees and your suppliers' employees *(e.g., in countries with less stringent rights and regulations with respect to labelling)?* If so, what do you do to overcome these hurdles?

Bonus question: Do you release the results of any studies you have conducted and have you established a whistleblowing system for your employees and suppliers?

Question 7

a) In France, how many funds are available to your employees through your employee savings funds, excluding employee shareholding plans? How many and which funds available to your employees are labelled as socially responsible? (Please provide their name and the name of the relevant label.) What is the total value of assets invested per fund?

Please also state the overall value of assets invested and the value of assets excluding non-labelled shareholding.

You may use the table in Appendix 4 to clarify your answer.

On average, are the matching contributions offered to your employees through your labelled funds higher than the contributions provided for your other non-labelled funds, excluding employee shareholding?

b) For any funds that are not labelled but which incorporate ESG criteria, please explain to what extent these criteria reflect a reliable, selective ESG approach. (Please indicate the selectivity rate and/or the theme of these funds.)
Do you and the social partners have any plans to increase the number of labelled funds over the next three years?

c) How do you involve social partners in the process of choosing sustainable funds *(e.g. training, experts to guide employees, time granted to social partners to review the choice of sustainable funds)*?
How do you involve social partners in the process of checking the sustainable commitment of funds (training for members of the supervisory board beyond the three days required by law, establishing an employee savings committee, etc.)?

3. Governance

Question 8

The Board of Directors must be fully involved in the choices made to promote good tax citizenship (aligned with principles such as those of The B Team initiative) to ensure that the business's fiscal responsibility is in line with its social responsibility. Accordingly, the FIR expects that a public fiscal responsibility report – reviewed and signed by the Board of Directors and detailed country by country – exists and is aligned with Global Reporting Initiative (GRI) 207.

a) Do you publish a charter detailing your commitments in terms of fiscal responsibility with respect to fiscal practices deemed unacceptable, tax havens, etc.? How often is this document reviewed and approved by the Board? How does the Board oversee the application of this charter?

b) Do you publish your fiscal reports country by country for all countries of activity, i.e., exceeding the standard requirements of the EU directive, which applies only to reporting for EU Member States and countries included in the list of non-cooperative jurisdictions? If not, please explain why. Does the Board discuss the distribution of taxes country by country?

c) Can you explain your effective tax rate for 2023? To what extent is this consistent with your commitments in terms of fiscal responsibility?

Specific attention will be paid to companies with a particularly low tax rate (less than or equal to 20%) or a particularly high tax rate (around 30%).

Question 9

Given that registration in the European Union Transparency Register and the Register of Interest Representatives compiled by the High Authority for Transparency in Public Life (HATVP) in France is mandatory, the FIR has access to your declarations (human and financial resources, area of interest).

We would like your answers to the following questions to focus on the lobbying you have conducted (headquarters, subsidiaries, professional associations, or consulting firms) with respect to Environmental, Social, Governance (ESG) issues. We would like to clarify how lobbying is aligned with sustainability targets and how your lobbying practices are integrated into your group's Corporate Social Responsibility (CSR) strategy.

a) What are the main lobbying initiatives (e.g., Top 3) that you prioritise in keeping with your material ESG challenges? Please indicate all jurisdictions in which you conduct this lobbying.

b) How do you ensure that your ESG targets are in line with the positions of professional associations? How do you deal with any potential discrepancies (e.g., by seeking to realign positioning of associations with your own ESG targets or brainstorming ways to leave a professional association that is clearly not compatible with your ESG strategy)? Do you publish any information on this alignment or cases in which positions differ?

c) What role does the Board of Directors play in the application of your lobbying policy (e.g., lobbying activities, budget, meetings)?

d) Do you train people inside or outside the company (e.g., employees or consultants) in responsible lobbying? If so, what criteria do you apply in selecting the firms with whom you work?

Question 10

a) How many Board Directors have CSR expertise? Who are they and how did they acquire these skills (studies, training, professional experience)? Is their expertise specific to the challenges of your industry (biodiversity, energy transition, social issues, value chain, financial impact of climate change, etc.)?

Do you publish a specific skills matrix for each Board member?

b) How do you ensure that Board members stay up to date with CSR issues (internal or external training, talks by independent experts, refreshers on the latest regulations and key themes, etc.)? How often?

c) How do you assess the CSR skills of Board members? What are your assessment criteria? How often do you assess? Do you conduct individual or group assessments?

d) Is CSR part of your selection criteria when appointing new Board members?

Answers

Environment

Question 1

a) **Could you reiterate your short-, medium- and long-term decarbonisation targets for each of your three scopes (in terms of both your absolute value and intensity-based targets)? Please clarify the key initiatives you are planning to meet each goal (including the percentage contribution of each initiative to each goal).**

What proportion of your strategy is dedicated to negative emissions (e.g., absorption and storage), emissions prevented and carbon credits (as distinct from your decarbonisation targets)?
You may use the table in Appendix 1 to clarify your answer.

In 2017, L'Oréal set decarbonisation targets in line with the 1.5°C scenario (under Scopes 1 and 2) and approved by the SBTi (Science Based Target initiative). The Group is committed to reducing CO_2 emissions for **Scopes 1, 2 and 3** by 25% **in absolute terms** by 2030, compared with the 2016 baseline.

In accordance with the latest requirements of the Science Based Targets initiative (SBTi) Net-Zero standard, in October 2023 the Group submitted its new 2030 and 2050 decarbonisation plan. The Group's revised target was an opportunity to update the baseline year to 2019, in line with the other targets of the L'Oréal for the Future programme. These new targets, approved by the SBTi mid-April,break down as follows:

- In the short term, by 2030, the goal is to achieve a 57% reduction for Scopes 1 & 2 and a 28% reduction for Scope 3 (in GHG Protocol categories 3.1 Purchased Goods and Services, 3.4 Upstream transportation and distribution and 3.6 Business Travel) in absolute terms from the 2019 baseline;
- In the long term, by 2050, the focus is on reducing emissions for Scope 1, 2 and 3 by 90% in absolute terms from the 2019 baseline, while offsetting residual emissions to achieve net zero.

To meet these targets, the Group is leveraging several key areas to achieve decarbonisation, chief among which are:

- **Scopes 1 and 2**: L'Oréal aims to improve the energy efficiency of buildings, with renewable energy meeting 100% of consumption needs on operated sites (factories, distribution centres, administrative sites and research facilities) as of 2025. By 2030, the Group will maximise the share of renewable energy in the mix of its stores and will continue to electrify its fleet of company vehicles.

- **Scope 3 (categories 3.1, 3.4, 3.6):**

  - **Product design and development (Packaging and Formulas, which could account for around 35% of progress towards meeting the 2030 target)**

    - **Packaging**: Packaging represents a significant part of the GHG footprint of cosmetic products. Reducing this footprint is therefore a key objective in L'Oréal's decarbonisation process. In recent years, the Group has been working to reduce the intensity of its packaging, by optimising it (e.g., developing options for refilling, reuse, weight reduction and size increase) and increasing the proportion of recycled content.

      The 2030 decarbonisation plan for the Group's packaging will revolve around five main priorities:
      - reducing the intensity of packaging (e.g., changing shape and reducing weight);
      - increasing the proportion and availability of reusable and refillable formats;
      - increasing the proportion of recycled content in products (particularly plastics and aluminium), where the carbon footprint of the recycled content is significantly lower than that of its virgin equivalent;
      - working with suppliers to source packaging materials with a low carbon footprint (e.g., low-

carbon aluminium);
- researching ways to reduce the impact of finishing techniques (e.g. metal plating) and encouraging suppliers to adopt – on a large scale – techniques with a lower environmental impact.

- **Formulas:** L'Oréal has been working on the environmental impact of its cosmetic products since 1995, when the Group acquired its first environmental research laboratory to assess and reduce the environmental footprint of its formulas. Right from the design phase, raw materials used in the formulation of products are evaluated as part of a strict ingredient selection process.

  In recent years, L'Oréal has focused its decarbonisation on removing and changing ingredients, as part of its worldwide target of 95% of ingredients in formulas to be biobased, derived from abundant minerals or from circular processes.

  To reach its 2030 target, L'Oréal will prioritise the decarbonisation of raw materials in four main areas:
  - reformulating products - abandoning ingredients that come from petrochemicals in favour of natural ingredients and replacing ingredients linked to high intensity carbon emissions;
  - studying ways of reducing the impact linked to gases found in the aerosols in its portfolio, in particular gases with strong global warming potential (either by replacing them with other propellants, or changing the format of the products);
  - reducing the impact of palm and soya derivatives used in its products by taking action against deforestation, and by encouraging its upstream suppliers to adopt sustainable and regenerative agricultural practices;
  - working with its suppliers on the supply of raw materials with low carbon impact, on the energy efficiency of their own production and the use of renewable energy where possible (see § supplier decarbonisation).

- **Digital marketing and POS material (which could contribute around 15% to the 2030 target)**

  - **Digital marketing**: The carbon footprint of L'Oréal's digital marketing comes mainly from emissions linked to the production and transmission of its advertising content.
    The Group has done a great deal of work to measure impacts relating to content production and digital media activation and prioritises the integration of the footprint of its paid influencers.
    To reach its 2030 target, the Group will step up its efforts to reduce impact, in particular:
    - producing more responsible advertising content, reducing emissions linked to travel and filming locations;
    - increasing the utilisation rate of the content produced;
    - reducing the impact of the transmission of its advertising content by using optimisation drivers in digital media, such as adjusting the resolution of creations according to the type of device on which they are broadcast, the asset length of each platform, and media planning;
    - more broadly, working with its suppliers (including its influencers) towards reducing their emissions (see § supplier decarbonisation).

  - **POS material and advertising components:** As part of its L'Oréal for the Future programme, the Group is working to improve the environmental footprint of its advertising materials for points of sale, by gradually increasing the proportion of material that complies with eco-design principles.
    To reach its 2030 target, the main areas for decarbonisation will consist of:
    - overhauling its POS, broadly applying its eco-design guidelines to lighten its creations, move to single-material content and reduce waste;
    - using more recycled materials for display materials;
    - continuing to reduce electricity consumption linked to permanent point of sale displays, by optimising them and benefiting from the positive impact of its retail partners' switch to

renewable sources of electricity.

- **Logistics flows with suppliers and retailers (which could contribute around 10% towards the 2030 target)**

  - **Logistics**: L'Oréal has long been committed to reducing the emissions generated by the transport and storage of its products. Its 2030 programme is built around the following main pillars:
    - reducing air transport by prioritising local production as much as possible, by adopting multi-sourcing approaches in the Divisions and optimising planning with a shift from air freight to rail/maritime;
    - rolling out our new solutions to promote as much as possible multi-modal transport (moving from road to sea, road to rail, for example);
    - optimising the load factor (particularly on road freight in Europe and North America);
    - using fuels with the lowest emissions (for example biogas, biofuel vehicles, SAFs or fuels with low carbon content for maritime freight, and electric vehicles and cargo bikes for the "last mile");
    - encouraging upstream and downstream suppliers to reduce their emissions from transporting products, particularly by developing pilot programmes for the adoption of battery electric vehicles for long distances.

- **Business travel (which could contribute around 5% towards the 2030 target)**

  - L'Oréal will continue to reduce all emissions related to business travel by implementing an improved mobility policy.

- **Other areas of decarbonisation (which could contribute around 5% towards the 2030 target)**

  - Other areas of decarbonisation will contribute to reaching the 2030 target. This includes decarbonising the energy mix in countries in which L'Oréal and its suppliers operate.

- **Supplier decarbonisation (which could contribute around 30% to the 2030 target)**

  - The Group's total footprint is mainly linked to the impact of business activities of its suppliers across all Group purchasing categories.

    Since 2007, the Group has involved its strategic suppliers in the process of measuring and reducing its greenhouse gas emissions by encouraging them to participate in the CDP Supply Chain programme.

    This ongoing work is essential to the full decarbonisation of the Group's value chain. In the future, the Group's main objective will be to work with strategic suppliers, not only to reduce emissions linked to their Scopes 1 and 2 but also to their Scope 3. Its main areas of work are as follows:
    - continuing to train and support its strategic suppliers in order to raise their awareness of climate change challenges;
    - continuing to support its strategic suppliers in identifying the main decarbonisation drivers in their business sector, by studying ways to accelerate their progress and by taking measures to promote the reduction of their emissions;
    - setting new expectations for its suppliers, so that they can develop their own climate transition plans, including Science Based Targets (or equivalent strategies to reduce emissions);
    - boosting the transparency and monitoring of the emissions of each supplier/product in order to monitor progress and stimulate change.

b) **Could you also indicate the amount of investment necessary for each of the actions implemented across your three scopes? Please indicate the time horizon for each of these investments.**

The information required here is different from the amount of CAPEX/OPEX aligned with EU Taxonomy, which covers only investments in your sustainable activities and excludes those related to your overall decarbonisation plan.

The new Net-Zero trajectory was submitted to SBTi for validation in October 2023, as specified in the 2023 Universal Registration Document filed with the French Market Authority ("Autorité des Marchés Financiers") on 19 March 2024.

The SBTi confirmed mid-April that L'Oréal's short-term and long-term decarbonisation targets, as detailed below, had been approved.

Financial forecasts will be published in detail next year in the 2024 Universal Registration Document, in line with the new CSRD framework.

c) **On which reference scenario(s) is your decarbonisation strategy based (for the three scopes)? Is this in line with a 1.5°C scenario? Has it been approved by an independent third party such as the SBTi *or* ACT-ADEME?**

Please provide the name of the reference scenario(s) and the reference organisation(s) (e.g. IEA, IPCC, etc.).

In 2017, L'Oréal set decarbonisation targets in line with the 1.5°C scenario (under Scopes 1 and 2) and approved by the SBTi. The Group is committed to reducing CO_2 emissions for **Scopes 1, 2 and 3** by 25% **in absolute terms** by 2030, compared with the 2016 baseline.

In accordance with the **revised requirements of the Science Based Targets initiative (SBTi) Net-Zero standard**, which is based on the International Panel on Climate Change (IPCC) special report on the impacts of global warming of 1.5°C (SR15, 2018), the Group re-submitted its new 2030 and 2050 decarbonisation pathway in October 2023. On the date the Board of Directors approved the Management Report, L'Oréal was awaiting the SBTi's approval of this new pathway. It will be published in detail in the 2024 Universal Registration Document.

The SBTi confirmed mid-April that L'Oréal's short-term and long-term decarbonisation targets, as detailed below, had been approved.

The Group's revised target was an opportunity to update the baseline year to 2019, in line with the other targets of the L'Oréal for the Future programme. These new targets, approved mid-April by the SBTi, break down as follows:

- A short-term reduction (by 2030) of 57% for Scopes 1 & 2 and a 28% reduction for Scope 3 (GHG Protocol categories 3.1 Purchased Goods and Services, 3.4 Upstream transportation and distribution and 3.6 Business Travel) in absolute terms from the 2019 baseline;
- A long-term reduction (by 2050) of 90% in absolute terms for Scopes 1, 2 and 3 from the 2019 baseline, with residual emissions offset to reach net zero.

Question 2

There is still insufficient consideration of biodiversity-related risks, impacts, dependencies and opportunities in companies' business activities (internal operations, supply chain, products, customer services, etc.). However, the context and the tools (e.g. TNFD, SBTN, GRI) are improving, as are related practices.

This issue may seem somewhat immaterial for some sectors. However, we feel it nonetheless warrants an analysis by all parties.

a) Have you taken any steps to assess, monitor and reduce your dependencies, your risks and your footprint while also exploring your opportunities (investment in projects that have nature-positive impacts, services that promote biodiversity, etc.) with respect to biodiversity and nature?

Is this assessment up to date and does it cover your entire value chain (direct operations, upstream and downstream)? If it covers only part of your value chain, do you plan to extend the scope of this assessment? If not, please state why.

When it comes to reducing its footprint, the Group has a long-standing commitment to the preservation and sustainable use of biodiversity.

L'Oréal for the Future reaffirms this commitment through specific targets. This includes reducing the impact on biodiversity of all operated buildings and industrial sites; ensuring that all biobased ingredients for formulas and packaging materials are traceable and come from sustainable sources (none linked to deforestation); and controlling the impact on the ecosystems vital to the sourcing of biobased ingredients used in formulas.

For example, as of 2020, as part of an innovative approach with the support of external experts, L'Oréal has scientifically defined land use and its translation into Mean Species Abundance per hectare (MSA.ha) as a key metric for expressing the biodiversity impact linked to sourcing its biobased ingredients. The Group has also committed to ensuring that, between now and 2030, the land use required to produce its plant-based ingredients will remain unchanged from 2019 levels. The commitment is underpinned by key drivers, including: the adoption of regenerative agricultural practices by suppliers; the implementation of an ambitious plan to develop alternatives to raw materials with the highest impact, particularly through biotechnology and circular processes, as part of the Green Sciences programmes; and support for rehabilitation projects for ecosystems adjacent to strategic supply chains.

Thanks to the quality of its traceability data, L'Oréal was able to analyse the importance of biodiversity in its supply areas, using the STAR metric based on IUCN data.

These results are updated annually and are used to refine the supply strategy for each plant and each country and work on innovative alternatives.

At the same time, L'Oréal continues to work on different methodologies for assessing the impact of its activities on developing biodiversity in France and worldwide. As such, the Group takes part in the work of the Science-Based Targets for Nature network's Corporate Engagement Programme, CDC Biodiversité's B4B+ club and the One Planet Business for Biodiversity (OP2B) collective.

To take things further, aware that biodiversity loss undermines many services provided to our economies (pollination, air and water purification, soil fertility and resilience to climate change), and to build out its assessment of the risks and opportunities linked to climate change, the Group began a study in 2023 to map dependencies, risks and opportunities linked to natural resources and ecosystem services, with a view to improving its ability to measure its impact on nature throughout the value chain (direct operations, upstream and downstream). This work is ongoing. It builds on available tools and benchmarks (including SBTN and TNFD) to identify the most material dependencies, impacts, risks and opportunities linked to the Group's activities. This study may lead to the development, prioritisation and implementation of action plans to manage dependencies and risks and seize specific opportunities, in addition to the measures already in place. Detailed qualitative information will be published in the 2024 Universal Registration Document, within the framework of the CSRD.

L'Oréal has a well-established reputation in this regard, as recognised by the CDP. L'Oréal is the only company in the world to have received a triple "A" score from the CDP for eight years running. L'Oréal is recognised as a company leading the way in environmental transparency and demonstrating outstanding performance in addressing climate change, protecting forests and ensuring water security.

b) Do you publish the results of this work? If not, do you plan to publish them? Please explain your answer.

Do you plan to draw on voluntary frameworks such as the TNFD, SBTN or GRI101 to report on nature-related risks and opportunities?

Work to map Dependencies, Impacts, Risks and Opportunities is ongoing, based on the voluntary frameworks, benchmarks and tools available (including the SBTN and TNFD). Detailed findings from qualitative assessments will be published in the 2024 Universal Registration Document, within the framework of the CSRD.

c) Do you publish or do you plan to publish quantitative indicators for biodiversity-related risks and opportunities for your company (assets, liabilities, income and expenditure seen as vulnerable to nature-related risks, CAPEX, financing or investment earmarked for nature-related opportunities)? If so, please state which and indicate whether you set targets? Explain why you chose these indicators. If not, please state why.

The Group provides an annual report on quantitative indicators related to the progress of initiatives designed to promote conservation and sustainable use of biodiversity as part of the L'Oréal for the Future programme. These include operated sites' impact on biodiversity; traceable and sustainable sourcing of biobased materials, including indicators on preventing deforestation; the footprint of ecosystems linked to the production of biobased ingredients; and amounts invested in the Fund for Nature Regeneration to protect forests and oceans and promote sustainable use of soils.

Work to map Dependencies, Impacts, Risks and Opportunities is ongoing. Detailed findings from qualitative assessments will be published in the 2024 Universal Registration Document, within the framework of the CSRD. Estimates will also cover quantitative assessments of nature-related risks and opportunities. Other relevant indicators will be published no later than the 2027 financial year. Every year, the Group releases quantitative information on the financial impact of risks and opportunities related to the use of certain commodities in line with the CDP voluntary reporting process for Forests.

Question 3

a) **How does the circular economy fit into the company's strategy?**

Assessment criteria:

- ***Targets (quantitative, ambition, scope)***
- ***Ambition and quality of strategy***
- ***Links to other sustainable development issues (such as decarbonisation and biodiversity)***

L'Oréal is firmly committed to adopting a circular economy business model. From R&D for ingredients to packaging for products, the Group is rethinking its approach and interactions to make circularity the cornerstone of its ecosystem. L'Oréal's contribution to the circular economy rests on four pillars:

- reduce (e.g., reduce use of virgin materials and promote conservation through the value chain);
- reuse (e.g., eco-design and sourcing circular materials);
- replace (e.g., a new lease of life for materials, products, packaging and IT/digital devices);
- recycle (e.g., active (re)design to promote compatibility with existing recycling channels).

L'Oréal's action plan is collective and collaborative and covers the entire value chain.

L'Oréal is also contributing more broadly to circular economy innovation through its 50 million euros in financing the "Circular Innovation Fund", an impact investment fund that invests in startups pioneering new solutions for the circular economy.

As part of the L'Oréal for the Future programme, the Group has a number of ambitious, quantitative targets in areas such as ingredients, packaging, stores, displays and industrial waste, as shown in the table below, which was also published in the 2023 Universal Registration Document, page 53.

2023 results ■ Outperformance ■ Objectives

RESOURCES	2023 results	Objectives	2022 Results	Details
By 2030, 95% of our ingredients in formulas will be biobased, derived from abundant minerals or from circular processes▲.	65%	95%	2022 Results: 61%	4.3.1.3.1
By 2030, 100% of the plastic used in our packaging will be either from recycled or biobased sources (we will reach 50% by 2025)▲.	32%	100%	2022 Results: 26%	4.3.1.3.1
By 2030, we will reduce by 20% in intensity the quantity of packaging used for our products, compared to 2019.	-4%	-20%	2022 Results: -3%	4.3.1.3.1
By 2025,100% of our plastic packaging will be refillable, reusable, recyclable or compostable.	44%	100%	2022 Results: 38%	4.3.1.3.1
By 2025, 100% of our new displays will be eco-designed[4].	99%	100%	2022 Results: 97%	4.3.1.3.1
By 2025, 100% of our new Free Standing Stores will be designed and built following our principles of sustainability[4].	78%	100%	2022 Results: 50%	4.3.1.3.1
By 2030, 100% of the waste generated in our sites will be recycled or reused[9].	61%	100%	2022 Results: 61%	4.3.1.1.6

Actions taken to meet these targets are directly linked to – and complement – work on other sustainability issues. For example, as set out in the L'Oréal Transition Plan published in December 2023, one of the pillars of the Group's decarbonisation drive focuses on packaging. Reducing packaging intensity allows L'Oréal to protect resources and reduce carbon emissions. In 2023, 44% of plastic packaging was refillable, reusable, recyclable or compostable. This improvement reflects an acceleration in the use of refillable formats for fragrances, skincare and haircare, and the elimination of factors hampering sorting to optimise the recycling process.

b) **What risks has the company identified in relation to resources, costs incurred and the amount of CAPEX/OPEX allocated to promoting a circular economy?**

Assessment criteria:

- ***Identification of upstream and downstream risks (scarcity, sourcing, access difficulties, waste management, regulation, etc.)***
- ***Related financial costs***
- ***CAPEX and OPEX (as %)***

One of the main industrial and environmental risks is linked to product availability. The increase in risks of natural origin, both extreme and chronic, the loss of biodiversity, and the increased pressure on water resources could impact the **availability of finished products** by adversely affecting the Group's operations and supply chain. The scarcity of resources and the implementation of the transition towards a low-carbon economy could also increase production costs (such as the increased cost of **recycled plastic packaging**).

As a world leader in cosmetics, L'Oréal is dependent upon the availability of the materials used for its product packaging. The transition to a low-carbon economy is accompanied by developments in the design of more sustainable and innovative packaging and materials. Increased competition in the sustainable packaging materials market, resulting in a shortage of associated materials, could have an impact on L'Oréal. These factors may result in an increase in the average price of packaging materials and in production costs. Action plans are already underway to prevent and anticipate these risks.

To meet its circular economy targets, such as transitioning to packaging that uses post-consumer recycled (PCR) materials, reducing packaging intensity and offering more refill and reuse options, L'Oréal is primarily investing in moulds for these new types of packaging.

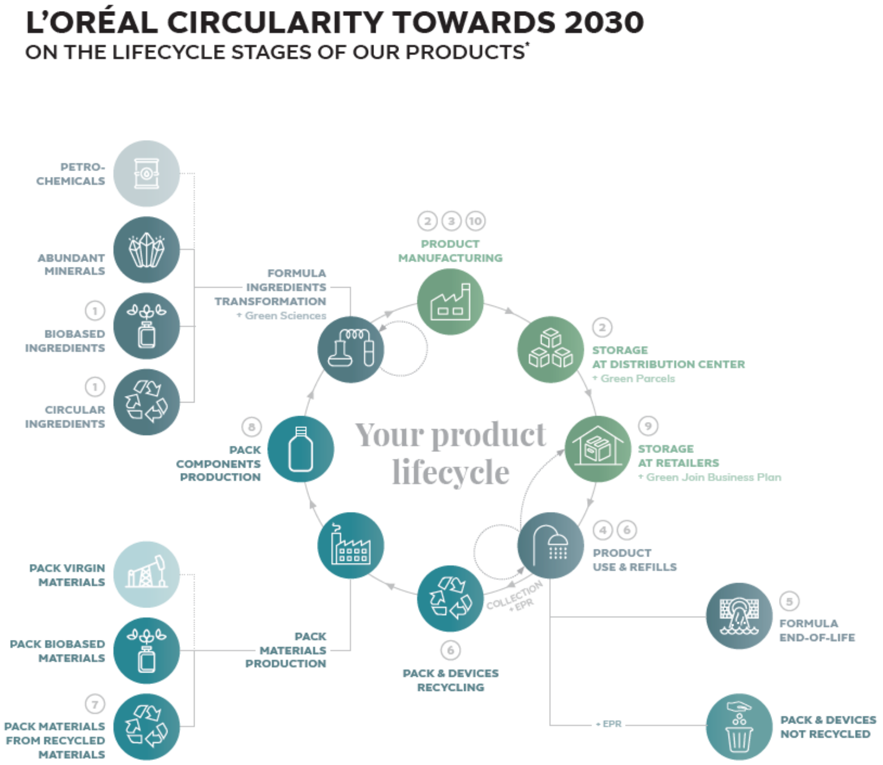
These initiatives are all part of the Group's Net-Zero transition plan, for which the revised decarbonisation pathway has been approved mid-April by the SBTi.

Once this approval has been granted, the Group will publish financial information related to this plan in its 2024 Universal Registration Document. This information will include investments linked to the circular economy, such as reducing packaging intensity.

c) **What steps has the company taken to create a more circular business model? What proportion of sales does this represent?**

Assessment criteria:
Integration of the different pillars of the circular economy (reducing resource consumption/conservation, eco-design, sustainable sourcing, reuse, industrial and territorial ecology, recycling, etc.)
Scaling up circular economy initiatives or projects, percentage of sales linked to circular economy solutions (or any other relevant indicator for the circular economy)

The circular economy is central to every step in L'Oréal's value chain, as shown in the following diagram:



The L'Oréal for the Future programme incorporates several targets linked to the circular economy. The following key progress indicators reflect the Group's success in moving towards these goals:

Social

Question 4

a) **In France, the "Climate and Resilience" Act of 22 August 2021 (Loi "Climat et Résilience") and the national cross-industry agreement (ANI) on the ecological transition and social dialogue of 11 April 2023 expanded the environmental prerogatives assigned to the Social and Economic Committee (SEC) while strengthening the role of local representatives. In the past twelve months, which initiatives have most clearly embodied a change in the way these bodies operate within your Group, in line with these measures?**

French staff representatives have long been involved in discussions about the environmental performance of our sites. The indicators used to measure this performance are the subject of regular information sharing and discussions, particularly through the Health, Safety and Working Conditions Committees implemented on each site.

More generally, staff representatives and management hold regular discussions on environmental issues as part of the annual consultation process, in particular on the company's strategic direction and how these questions are incorporated into the company's strategy in economic and financial terms and in relation to employment, changes in jobs and skills, and work organisation. Since the French Climate and Resilience Act was passed, any plan relating to the organisation or general running of the business submitted to staff representatives for consultation must be analysed with them in light of its environmental as well as its economic and social consequences. Moreover, the business's environmental performance indicators are always available to French staff representatives as part of the company's database of economic, social and environmental information.

b) In light of these new prerogatives, the training and expertise of social partners are key issues. Have you recently developed (or do you plan to develop in the near future) any programmes dedicated to social partners to foster their expertise in environmental issues beyond the minimum legal requirements?

In 2022, a new agreement was signed on social dialogue and accreditation for the professional experience of employees representing unions or the workforce. This agreement spans a broad range of training and measures to support appointed employees on a daily basis to help them perform their duties as effectively as possible.

In 2023, the Group introduced an "ESG Culture" course leading to qualifications for employee representatives in partnership with Sciences Po university in Paris. It includes 72 hours of training and around 20 hours of personal tutoring. The environmental aspect of the course focuses on the environmental transition, and particularly the shift to a greener economy, social dialogue and the ecological transition, the "Climate and Resilience Act" and the new role of employee representatives. This first course provided training for 12 elected officials. This learning initiative will continue in 2024.

More broadly, social partners are also given information and training on the latest issues, such as the Vigilance Plan presented to employee representatives through the European Works Council *(Instance Européenne de Dialogue Social)*. L'Oréal has also involved staff representatives in determining the material social impacts, risks and opportunities in line with the Corporate Sustainability Reporting Directive.

c) International framework agreements are a means to improve the quality of social relations within large companies. Does your Group have a framework agreement that goes beyond the scope of the European Union? If so, how have you incorporated the issue of the ecological transition and broader environmental issues? If not, do you have any plans to do so? In any event, for your five main regional markets outside France, can you list key initiatives that highlight a recent increase in the involvement of social partners in the company's environmental policy?

In 1996, L'Oréal signed an agreement with French and other European trade unions that led to the establishment of the European Works Council *(Instance Européenne de Dialogue Social)*. This council represents more than 31,000 employees in 25 member countries of the European Economic Area and the United Kingdom. With 30 members, the council holds regular discussions with Management about the Group's current situation and its future perspectives, on the basis of an agenda prepared with the Liaison Secretariat.

At the European level, the Group gives regular presentations at joint meetings of the European Works Council on its strategy for adapting to the ecological transition across all the company's functions and throughout the value chain and more generally, on its social and environmental responsibility policy. At the most recent meeting, in July 2023, it highlighted progress made with respect to its various initiatives and action plans under the L'Oréal for the Future.

There is no international framework agreement outside the scope of the European Union and the United Kingdom.

Nevertheless, L'Oréal's social policy enables the signing of collective agreements every year. In 2023, 167 agreements were signed in France and 78 agreements were signed in the rest of the world. In total, the number of agreements in force on 31 December 2023 was 824, 466 of which were in France and 114 of which wholly or partially involve health and safety issues. These agreements primarily cover work organisation, compensation and working conditions (working hours, quality of life at work, professional equality, remote working, human-powered mobility, health and safety etc.). They contribute to the smooth operation and performance of the Group by strengthening employee participation and dialogue with their representatives.

At a more local level, staff representatives are involved in defining and implementing L'Oréal's environmental strategy through information, sharing views, consultation or negotiations, depending on local legislation and practices. Guided by the *L'Oréal Share & Care* innovation and social performance programme, the topics covered focus on areas such as mobility (less polluting company vehicle fleets, incentives for employees to use "green" mobility solutions and the hybrid remote/on-site working policy, which also contributes to reducing our carbon footprint).

Staff representatives – like all employees and in all subsidiaries worldwide – benefit from training on sustainability issues. For example, in 2020, the Group launched new distance learning programmes on environmental topics. Green Steps For All has so far trained 45,000 employees on issues related to the climate, water, biodiversity and resources. Following this initial global campaign to raise awareness of planetary challenges, a second wave of worldwide training initiatives was launched in May 2023 with Going Sustainable Together. The programme connects planetary challenges to the Group's different *métiers* and provides tangible examples of how L'Oréal is driving transformation in each of these areas. The initiative has trained more than 32,000 people since May 2023.

Question 5

a) For each of the last five financial years, could you please state the number of shares repurchased (also indicate the number of shares under liquidity contracts) and the number of shares issued, along with the number of treasury shares held at the start and end of each financial year? For each of these financial years, please provide a breakdown of the number of shares cancelled; the number of shares allocated as performance shares (along with the number of beneficiaries and their proportion in relation to the overall number of group employees); the number of shares distributed through employee shareholding plans (along with the number of eligible employees, the number of actual beneficiaries and their percentage of the total Group workforce); other uses (including relevant details)? You may use the table in Appendix 2 to clarify your answer.

Information about share buybacks, cancellation, issuance and use in implementing performance share award plans or global employee share ownership schemes is published every year in L'Oréal's Universal Registration Document.

L'Oréal repurchased and cancelled shares in 2019, 2021, 2022 and 2023. The Group has implemented performance share award plans every year for the period covered by your question, and implemented employee share ownership schemes worldwide in 2018, 2020 and 2022. These plans aim to gather, unite and increase the loyalty of employees worldwide by enhancing the feeling of belonging, commitment and social cohesion. Eligible employees have the possibility of purchasing shares with preferential conditions including, where permitted by local law, a 20% discount on the share reference price, with an employer matching share contribution of up to four free shares. These employee share ownership plans are backed by a motivating and competitive remuneration system, including profit-sharing. To clarify, these plans are implemented in the UK through the Share Incentive Plan and specific related rules, including an accumulation period during which employees are entitled to subscribe. As a result, there is a delay in issuing shares in the UK in accordance with local legislation. For example, shares issued in 2021 correspond to shares issued under the 2020 SIP.

All requested information is provided in the following table, as per the suggested format.

	2023	2022	2021	2020	2019
Number of shares repurchased	1,271,632	1,542,871	25,260,000 [1]	0	3,000,000
Number of shares repurchased under liquidity contracts	0	0	0	0	0
Number of shares issued	810,545	1,317,073	5,327	452,979	8
Number of treasury shares at start of each year	0	22,260,000	0	0	0
Number of treasury shares at end of each year	0	0	22,260,000	0	0
Number of shares cancelled	1,271,632	23,802,871	3,000,000	0	3,000,000

Shares allocated as performance shares					
Number of shares allocated as performance shares	650,580	700,000	588,750	713,660	843,075
Number of recipients and percentage of total Group workforce	2,763	2,647	2,408	2,208	2,107
Shares distributed through employee share ownership schemes					
Number of shares distributed through employee shareholding plans	29,424 [2]	448,267	5,237	452,967	462,137 [3]
Number of employees eligible/percentage of total Group workforce	N/A	73%	N/A	74%	N/A
Number of employees receiving shares/percentage of total Group workforce	N/A	26%	N/A	25%	N/A
Other					

[1] Including the buyback of 22,260,000 L'Oréal shares from Nestlé in December 2021.
[2] Shares issued through employer matching contribution under the 2018 employee share ownership scheme and acquired in 2023.
[3] Includes the 2019 Share Incentive Plan for employees in the UK and the 2018 employee share ownership scheme for employees outside the UK.

b) With respect to plans to allocate performance shares, where applicable, how do you "offset" the effects of treasury shares or cancelled shares to determine whether goals have been met?

Financial targets put in place for performance-based action plans include:

- For one half, the growth in L'Oréal's like-for-like cosmetics sales as compared to those of a panel of its biggest direct competitors;
- For the other half, the variation in L'Oréal's consolidated operating profit.

The number of existing shares does not affect these criteria. Hence there is no offset for treasury shares or cancelled shares in calculating success in meeting these targets.

c) Please indicate the amount invested (R&D and capex) over the past five financial years (year by year). How much share capital have you repurchased and cancelled during this period? You may use the table in Appendix 3 to clarify your answer. As part of the overall approach to value sharing, do you scale the amount allocated to share buybacks in relation to amount of investments – particularly with respect to the ecological transition – by the company (which is vital to create value and ensure the long-term success of the company)? If so, do you apply any particular rules in this regard? If not, please explain why you have chosen not to consider investments when determining buyback amounts.

All requested information is provided in the following table, as per the suggested format.

The main purpose of our share buyback policy is to offset, via share cancellations, the dilution that affects all shareholders resulting from the issue of new shares in relation to the implementation of employee shareholding plans or performance shares, thus keeping the number of shares in circulation relatively constant in the absence of any exceptional strategic transactions.

	2023	2022	2021	2020	2019
R&D investment	€1,288,900,801	€1,138,590,625€	€1,028,697,784 €	€964,387,326	€985,341,710 €
Total Capex	€1,505,747,964	€1,342,386,475	€1,084,467,763	€937,973,116	€1,323,036,237 €
Value of shares repurchased	€254,326	€308,574	€5,052,000 [1]	0	€600,000
Value of shares cancelled	€254,326	€4,760,574 [1]	600,000	0	€600,000

[1] *These amounts include the repurchase (end 2021) and cancellation (early 2022) of 22,260,000 shares (representing €4,452,000 of capital in nominal value, the nominal value of a L'Oréal share being €0.20) repurchased by L'Oréal from Nestlé in December 2021.*

Question 6
The Global Living Wage Coalition defines a living wage as: "The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events." A living wage is also very different from the minimum wage required by local law.

a) Have you adopted a living wage definition similar to the above? If so, what is it? Have you developed a policy/commitment with regard to the living wage matter (public commitments, accreditation as a Living Wage Employer, etc.)?

L'Oréal's Employee Human Rights Policy, published in 2020, includes the following statement on a living wage: *"We ensure that all employees receive at least the minimum wage required by local law or by applicable bargaining agreement and that they are paid a living wage covering their basic needs and calculated in line with best practices."*

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

In line with its commitment to fair pay for all employees, L'Oréal for the Future aims to ensure that, by 2030, all employees of L'Oréal's strategic suppliers will be paid at least a living wage, in line with best practices. In order to roll out this approach to its strategic suppliers, L'Oréal initiates dialogue, works together and establishes common strategic frameworks in collaboration with partners within its supply chains, other companies, civil society, governments etc.

Please note that answers to the following questions should include information specifically related to a living wage, as opposed to the minimum wage required by local law. If you have not yet committed to a living wage, please skip to question 7.

b) Based on your definition of a living wage, have you begun to calculate its amount and what methodology do you use? If so, in which region(s) and across what scope (employees, freelancers, smallholders, etc. and/or suppliers' employees)? What sort of information do you publish on the matter? Have you identified any gap between the minimum wage and the living wage?

c) Can you describe any actions taken to implement a living wage? (e.g. Developing internal management

and training focused on a living wage; engaging with social partners and/or suppliers; improving purchasing practices; promoting freedom of association and collective bargaining, etc.).

d) How do you measure the implementation of living wages for your employees and suppliers? Please provide details of how any independent audits have contributed to monitoring.

The Group began by establishing a partnership with Fair Wage Network and ensuring we pay a living wage to our own employees. The annual HR remuneration monitoring system checks the wages of all L'Oréal employees and compares their wages to the Fair Wage Network benchmarks. L'Oréal was accredited as a ***Global Living Wage Employer by the Fair Wage Network*** in 2023.

The goal is now to ensure that all of the Group's strategic suppliers' employees are paid at least a living wage by 2030, in line with best practices. This was one of the key social commitments for 2030 set out in the L'Oréal for the Future programme. In the medium term, the goal is to ensure that 100% of L'Oréal's strategic suppliers are aware of the Group's living wage policy and make sure that 40% of them have conducted a review of any shortcomings with respect to a living wage by the end of 2025.

In order to roll out this approach to its strategic suppliers, L'Oréal initiates dialogue and establishes common strategic frameworks in collaboration with its partners.

A pilot initiative was implemented with a number of leading suppliers in 2022, and the remainder of our strategic suppliers will be integrated into the programme between 2023 and year-end 2025. **Suppliers are initially asked to sign a letter of commitment, in which they pledge to implement a number of key measures. In October 2023, more than 115 suppliers benefited from individual support and more than 50 suppliers pledged to support a living wage.** Long-term awareness building and dialogue are key to bringing certain suppliers on board. Sector-wide commitment is also crucial to achieving the Group's goals with respect to a living wage.

All of this information, including updates on accreditation, is published in L'Oréal's Universal Registration Document and Human Rights Report.

The Group's Mutual Ethical Commitment Letter, signed by its suppliers, enshrines a pledge to respect employees' freedom of association and right to collective bargaining.

"Your company respects employees' freedom of association and right to collective bargaining. In situations or countries where independent trade unions are discouraged or restricted, your company allows employees, if they so wish, to gather independently to discuss work-related problems and/or to voice grievances. If employees wish to be represented by authorised staff representatives, such staff representatives are elected without company interference. Subject to the company's legitimate confidentiality interests and safety rules, your company allows such staff representatives access to the workplace, employees, collective bargaining agreements as well as to relevant company documentation as needed to fulfil their duties."

Ensuring compliance with this commitment is one of the key goals the social audits conducted among suppliers. Details are included in the results of the Vigilance Plan published in the Universal Registration Document.

e) Have you identified any hurdles liable to prevent the payment of a living wage to your employees or your suppliers' employees (e.g., in countries with less stringent rights and regulations with respect to labelling)? If so, what are you doing to overcome these hurdles?

There are real challenges in implementing our living wage commitments in partnership with strategic suppliers.

It can be difficult for suppliers to make such a far-reaching commitment in relation to market standards. The issue of a living wage is a relatively recent challenge for some suppliers and, until they have conducted a gap analysis, it can be hard for them to commit to paying all of their employees a living wage.

Minimum wages required by governments often fall short of what might be considered a living wage. The growing gap between national minimum wages and the cost of living can make suppliers less inclined to adapt their remuneration policies.

With respect to living wage thresholds, determining and setting a uniform living wage for a whole country (spanning different provinces) or region (including urban and rural areas) is a challenge due to the inherent differences in costs and living standards.

In addition, a top-down approach, which entails paying more to suppliers, does not always lead to higher wages for workers, particularly in situations where employees have limited bargaining power.

That is why, in 2023, L'Oréal launched a programme aimed at explaining the principle of a living wage to its strategic suppliers and sharing information on the adoption of a living wage approach. The programme consists of a series of meetings over several months between a group of suppliers, the Fair Wage Network and L'Oréal. The purpose of these meetings is to discuss the strategy and methodology, as well as to hear from the suppliers that are furthest forward in the process. This encourages companies to share best practices and any difficulties. Suppliers are invited to make commitments via a living wage pledge.

In 2023, more than 115 suppliers benefited from individual support and more than 50 suppliers pledged to be compliant by 2030.

As of 2024, the pledge to pay a living wage has been incorporated into the performance assessment of strategic suppliers who have received individual support via score cards, questionnaires, etc.

At the same time, L'Oréal provides a digital platform named "Spread The Best Practices" for strategic suppliers. The resource is used to stream learning materials on implementing a fair wage policy.

The Group is actively promoting this commitment and the importance of a living wage through different forums. L'Oréal has, for example, joined the UNGC Living Wage Think Lab and encourages other companies to commit to a living wage through the Business for Inclusive Growth coalition.

Bonus question: Do you release the results of any studies you have conducted and have you established a whistleblowing system for your employees and suppliers?

"L'Oréal Speak Up", L'Oréal's internal whistleblowing mechanism, has been in place since 2008. This system gives employees and stakeholders access to a secure website that they can use to raise any concerns they may have, including serious infringements of Human Rights and Fundamental Freedoms, the health and safety of people at work, and respect for the environment, with the Chief Ethics, Risk and Compliance Officer in a secure, effective manner that provides all the guarantees of confidentiality necessary for the reporting of potential breaches. Any allegations expressed in good faith are examined in detail and adequate corrective measures are taken, if applicable. Employees have several other methods of raising their concerns (line management, dedicated local hotlines etc.).

The results are published in the Universal Registration Document, notably through the Vigilance Plan.

Question 7

a) **In France, how many funds are available to your employees through your employee savings funds, excluding employee shareholding plans? How many and which funds available to your employees are labelled as socially responsible? (Please provide their name and the name of the relevant label.) What is the total value of assets invested per fund?**

Please also state the overall value of assets invested and the value of assets excluding employee shareholding.
You may use the table in Appendix 4 to clarify your answer.

On average, are the matching contributions offered to your employees through your labelled funds higher than the contributions provided <u>for your other non-labelled funds, excluding employee shareholding</u> ?

The required information is included in the following table, as per the suggested format.

Number of funds available to employees through employee savings funds, <u>excluding employee shareholding</u>	8
Number of funds available to employees labelled as socially responsible	2

	Number of labelled funds	Name of relevant label(s)	Value of assets invested in labelled funds	Employer contribution
1	CERES FONDS D'ACTIONS MONDE	ISR	€266,982,813	0
2	OPCIMMO	ISR	€133,029.86	0

Overall value of assets invested (including employee share ownership)	€3,638,540,131.10
Overall value of assets invested in non-labelled funds	€967,035,926.33

b) **For any funds that are not labelled but which incorporate ESG criteria, please explain to what extent these criteria reflect a reliable, selective ESG approach. (Please indicate the selectivity rate and/or the theme of these funds.)**

Have you any plans with social partners to use more labelled funds in the next three years?

Funds that do not have a specific label are classified under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), promoting environmental and social characteristics that go beyond simply considering sustainability risks. They apply normative exclusions and aim to improve the ESG score of the portfolio versus that of the investment universe. As a rule, the 20% of securities with the lowest score are eliminated. In the case of our money market fund, all underlying assets carry the SRI Label.

The continuous improvement of our funds, from both a financial and non-financial standpoint, is central to our discussions with social partners. This may lead to an increase in the number of labelled funds going forward.

c) **How do you involve social partners in the process of choosing sustainable funds (e.g., training, experts to guide employees, time granted to social partners to review the choice of sustainable funds)?**
How do you involve social partners in the process of checking funds' commitment to sustainability (training for members of the supervisory board beyond the three days required by law, establishing an employee savings committee, etc.)?

Working groups with members of the Supervisory Boards have been organised, with an external liaison to rule on any changes to management processes for certain funds (*Cérès* and *Diversifié & Solidaire*). A presentation/training session was held during the meeting to cover SRI management and Solidarity management, clearly distinguishing between the two. The Supervisory Board is now looking to assess the outcome of the portion of the fund not invested in Solidarity, to consider channelling it into initiatives that allow for a more measurable impact.

Training covered the following:

- Introduction to sustainable finance
- Distinguishing between the different approaches to Socially Responsible Investment (SRI)
- What is a solidarity fund?

- The SRI market: key figures
- Understanding the SRI label
- Non-financial rating agencies
- Regulatory changes
- Case study: The financial performance of SRI funds

Governance

Question 8

The Board of Directors must be fully involved in the choices made to promote good fiscal citizenship (aligned with principles such as those of The B Team initiative) to ensure that the business's fiscal responsibility is in line with its social responsibility. Accordingly, the FIR expects that a public fiscal responsibility report, reviewed and signed by the Board of Directors and detailed country by country, exists and is aligned with Global Reporting Initiative (GRI) 207.

a) Do you publish a charter detailing your commitments in terms of fiscal responsibility with respect to fiscal practices deemed unacceptable, tax havens, etc.? How often is this document reviewed and approved by the Board? How does the Board oversee the application of this charter?

b) Do you publish your fiscal reports country by country for all countries in which you do business, i.e., exceeding the standard requirements of the EU directive, which applies only to reporting for EU Member States and countries included in the list of non-cooperative jurisdictions? If not, please explain why. Does the Board discuss the distribution of taxes country by country?

c) Can you explain your effective tax rate for 2023? To what extent is this consistent with your commitments in terms of fiscal responsibility?

Specific attention will be paid to companies with a particularly low tax rate (less than or equal to 20%) or a particularly high tax rate (around 30%).

The Group publishes its tax policy in the Universal Registration Document, which includes, among other things, the management report approved by the Board of Directors (paragraph 4.3.5 of the Universal Registration Document 2023).

The Group's tax policy forms part of its long-term approach to business development and is based on three pillars: Compliance, Transparency and Legitimacy, as defined in the internal Tax Charter, which is established and disseminated worldwide. These principles are reflected in practice in the self-assessment questionnaire on internal control.

L'Oréal considers that taxation is an integral part of its Corporate Social Responsibility and constitutes a way to participate positively to the development of the countries in which the Group operates.

One of our commitments in terms of fiscal responsibility is to establish and maintain relationships with the tax and customs authorities based on transparency, in accordance with the "zero tolerance" rule in relation to corruption. L'Oréal also builds constructive relationships with the tax and customs authorities based on the principles of cooperation and mutual respect. It responds appropriately and as soon as possible to requests from the tax authorities in the context of exchanging information, in accordance with tax agreements. Where countries allow it, L'Oréal joins cooperative compliance programmes launched by the tax authorities.

L'Oréal submits its tax declarations and pays its taxes by the deadline, in accordance with the laws and regulations of each country in which the Group operates. It pays particular attention to preventing fraud and tax evasion, which it deems unacceptable. L'Oréal has premises in the countries in which its operational and commercial activities take place. Where applicable, the Group's presence in certain countries classified as "tax havens", as defined in French or European law, is justified for operational and business development reasons, and not for tax purposes. The Group does not engage in aggressive tax planning and refrains from setting up opaque or artificial structures.

The distribution of taxes by country is subject to a highly detailed tax declaration submitted to the French tax authorities, which may then share this information with their foreign counterparts. The Group declares and pays its taxes in each of the countries in which it operates and provides tax reporting in France.

The Group has already begun to prepare for country-by-country reporting by presenting the total tax contribution for European and non-European countries (for corporation tax and operational taxes).

Overall, L'Oréal's total tax contribution to states and local authorities in 2023 was 2.6 billion euros, which is consistent with its operational contribution: the effective tax rate of 23.2% corresponds to corporation tax of €1,957.8 million and profit of €8,450.8 million.

Question 9

Given that registration in the European Union Transparency Register and the Register of Interest Representatives compiled by the High Authority for Transparency in Public Life (HATVP) in France is mandatory, the FIR has access to your declarations (human and financial resources, area of interest).

We would like your answers to the following questions to focus on the lobbying you have conducted (headquarters, subsidiaries, professional associations, or consulting firms) with respect to Environmental, Social, Governance (ESG) issues. We would like to clarify how lobbying is aligned with sustainability targets and how your lobbying practices are integrated into your group's Corporate Social Responsibility (CSR) strategy.

a) What are the main lobbying initiatives (e.g. Top 3) that you prioritise in keeping with your material ESG challenges? Please indicate all jurisdictions in which you conduct this lobbying.

L'Oréal believes that all actors in society, including businesses, have a key role to play in public debate by providing the public authorities with information and analyses aimed at supporting public policymakers' thinking and benefiting the whole of society, on the basis of complete transparency. To avoid any wrongdoing in the representation of interests, L'Oréal supports the regulation of such practices by the public authorities based on principles of transparency and responsible lobbying, to promote positive, fruitful dialogue between private actors and the authorities.

Integrity and transparency are two of L'Oréal's key ethical principles, which is why the Group's Code of Ethics sets out its commitments in terms of ethical lobbying and how these are implemented. These commitments have been published in its Responsible Lobbying policy, which applies to all geographical areas in which the Group operates. Among other things, they include the following principles of action: inform your line manager in the event of an actual or potential conflict of interests, only distribute reliable, verifiable, updated information or arguments and be registered with lobbyists or representatives of particular interests in accordance with the regulations in force. This policy, which is approved by General Management and the Executive Committee and presented to the Board of Directors, may be updated regularly to reflect the implementation of a progressive process.

L'Oréal is keen to publicise commitments that reflect its sincere and transparent actions, in line with its global approach to ethical conduct. Details of the Group's responsible lobbying policy are available on the website.

L'Oréal has also signed the Joint Declaration on lobbying for business members of Transparency International France. Some countries do not have a general framework that regulates how the representatives of particular interests can contribute to the public debate, prompting certain companies, including L'Oréal, to promote their own Responsible Lobbying policy to as many people as possible.

L'Oréal's lobbying activities take place in strict compliance with the framework mentioned above.

Lobbying activities

Over the last two years. L'Oréal's lobbying activities have mainly focused on legislation in relation to the regulation of cosmetic products and their packaging. L'Oréal's teams engage in dialogue with the public authorities on the issue of accelerating the cosmetic sector's ecological transition. L'Oréal considers that its social and environmental commitments cover a range of areas, including reducing $C0_2$ emissions, preserving biodiversity, sustainable water management and reducing the consumption of natural resources, as well as respect for human rights throughout its value chain.

As a result, its external relations can cover a variety of issues. The Group has been particularly involved in dialogue between businesses and the public authorities on the circular economy in France, Europe and internationally.

L'Oréal's public affairs strategy also includes a section on accompanying the Group's sustainable transformation, by promoting product eco-design and establishing a circular economy in all the markets in which it operates.

With regard to **lobbying activities directly related to ESG issues:**

1. Human Rights – Living Wage

L'Oréal's commitment to human rights is reflected at every stage of the value chain:

- The Group's responsible purchasing policy ensures respect for human rights throughout the supply chain, in particular with regard to plant-based raw materials. In practical terms, L'Oréal works with farmers to ensure they get fair prices, decent working conditions and access to health care.
- In 2017, it adopted a human rights policy in accordance with the UN's guiding principles.
- In 2020, L'Oréal published its Employee Human Rights Policy because the Group is committed to setting an example by making social standards universal for all L'Oréal employees.
- As part of its L'Oréal for the Future programme, launched in 2020, the Group has made a commitment that, by 2030, 100% of its strategic suppliers' employees will be paid at least a **living wage** that allows them to cover their basic needs and those of their dependents, calculated in line with best practices.

Over the last three years, the Group has engaged in lobbying to promote the **concept of a living wage** – which is viewed as a fundamental right – as a standard business practice. L'Oréal's advocacy activities have primarily been carried out through a number of large institutional organisations with close links to policymakers:

- Business for Inclusive Growth (B4IG): L'Oréal is a founding member of this international coalition of businesses dedicated to eradicating inequalities of opportunity and geography, which was launched by the OECD at the G7 summit in 2019. Within B4IG, L'Oréal encourages the OECD and other member businesses to make commitments on living wages and raise awareness among policymakers and the business world.
- United Nations Global Compact (UNGC): L'Oréal heads "Think Lab" working groups in the United Nations Global Compact (UNGC) on the subject of living wages.
- UN High Commissioner: In January 2023, L'Oréal's Chief Executive Officer, Nicolas Hieronimus, met the UN High Commissioner for Human Rights, Volker Türk. This was an opportunity to promote the Group's actions to establish living wages throughout its value chain.
- L'Oréal has co-founded a future platform on living wage data (in conjunction with Unilever, the United Nations International Trade Centre (ITC), based in Geneva, and the NGO IDH). The project consists of developing a web platform to allow businesses to access databases on living wages, provided by expert organisations, including our partner, the Fair Wage Network.
- In 2022, L'Oréal also:

- signed the call to the EU to make living wages and income a human right, in relation to the draft European directive on businesses' duty of vigilance with regard to sustainability;
- published the report on the Human Rights Impact Assessment (HRIA) carried out with the Danish Institute for Human Rights on the bergamot sector in Italy. Among other things, the assessment provided an opportunity for robust engagement with stakeholders in this value chain.

2. <u>Climate</u>

L'Oréal's does not operate in a sector that allows it to have a decisive influence on political decisions about the climate. Nonetheless, the Group strives to use its influence within its ecosystem of partners, suppliers and customers to promote a Science Based Targets (SBT) approach and drive thinking about objectives in terms of sustainable water management, respect for biodiversity and preserving natural resources.

Raising awareness and engaging in dialogue in this way extends to political and institutional representatives, at a national and international level.

For example, in 2020, L'Oréal launched its own Environmental and Social Impact (PIL) rating, which awards a score on a scale of A to E, based on its environmental impacts in its category, including greenhouse gas emissions, measured at each stage of a product's life cycle.

In 2021, L'Oréal held meetings with the European Commission (experts from the Joint Research Centre, the Directorate-General for Justice and Consumers (DG JUST) and the Directorate-General for Environment (DG ENV) on its PIL initiative, in which it presented and discussed the methodology and development of the consumer interface.

In 2023, L'Oréal closely monitored negotiations between European bodies with respect to the Corporate Sustainability Due Diligence Directive (CS3D). The directive proposed by the European Commission aims to extend due diligence beyond the current scope of the French "Duty of Vigilance" law. The Group strongly supports the principle of this directive, which will encourage companies to identify and take measures to mitigate the real or potential negative impacts of their activities on the environment and human rights. The Group has also adopted a risk-based approach that allows companies to prioritise real and potential negative impacts based on their severity and likelihood.

3. <u>Circular economy</u>

L'Oréal is committed to growing a circular economy, despite the challenges involved in replacing virgin plastic, such as scaling up and ensuring the availability of alternative materials.

- To support this commitment, L'Oréal has pledged to:
- Reduce use of virgin plastic.
- Reduce packaging intensity and support laws that encourage companies to do the same;
- Invest in innovative recycling technologies to ensure long-term PCR capacity;
- Support Extended Producer Responsibility (EPR) programmes. The Group sees these initiatives as a key means of reaching its targets with respect to sustainability and the circular economy, and an effective way to control/collect pollution.
- Support reasonable mandates for PCR in plastic packaging to increase the circularity of recycled materials.
- Support reasonable government pledges to reduce all avoidable plastic waste, including measures such as taxes on virgin plastic.

Through its lobbying activities, L'Oréal supports five key policies to reduce plastic pollution:

1. Extended Producer Responsibility (EPR)
2. Banning single-use plastics
3. Laws on reducing packaging volume
4. Mandatory use of post-consumer recycled content
5. Taxes on plastic.

b) How do you ensure that your ESG targets are in line with the positions of professional associations? How do you deal with any potential discrepancies (e.g. by seeking to realign positioning of associations with your own ESG targets or brainstorming ways to leave a professional association that is clearly not compatible with your ESG strategy)? Do you publish any information on this alignment or cases in which positions differ?

L'Oréal is a member of numerous professional associations around the world, including the FEBEA (Fédération des Entreprises de la Beauté), Cosmetics Europe, AIM, WFA (World Federation of Advertisers), PCPC (US cosmetics industry association), CAFFCI (China Association of Fragrance Flavour and Cosmetic Industries), ISTMA (Indian Soap and Toiletries Mfrs Association) and CTPA (Cosmetic, Toiletry & Perfumery Association).

L'Oréal ensures that all the professional associations of which it is a member comply with their statutory obligations in terms of the transparency of their activities in representing particular interests. In countries without a legal framework governing the representation of interests, L'Oréal promotes positive transparency and responsible lobbying practices, and will not take part in activities representing particular interests led by professional associations that support positions that are explicitly contrary to the Group's ethical principles.

The Group has set up a governance structure and tangible measures to ensure that our lobbying activities do not come into conflict with our sustainable development strategy, in order to monitor the alignment between L'Oréal's ESG objectives and the positions of the professional associations to which it belongs. L'Oréal has a sustainable development programme with indicators that can be followed closely and transparently by external stakeholders. The Group's engagement in public affairs operates in the same spirit of transparency and responsibility. L'Oréal's responsible lobbying policy states that "employees authorised to engage in lobbying activities must inform their line manager if they face a real or potential conflict of interests situation that is likely to influence the relationship between L'Oréal and public-sector decision-makers".

Under the same policy, and in the case of behaviour that is contrary to L'Oréal's sustainable development policy, employees must report this to a member of the Group's Executive Committee, the Zone or Country Management Committee in their line management structure, or their Ethics Representative. All members of the L'Oréal Executive Committee and all Country Managers have simultaneous responsibility for sustainable development and public affairs and must therefore meet the Group's Chief Corporate Responsibility Officer as part of their induction. All senior executives are assessed (as part of their annual performance appraisal) on how they have advanced the business's sustainable development strategy, including within the context of their public affairs responsibilities.

L'Oréal's Chief Corporate Affairs and Engagement Officer also holds regular meetings with the international public affairs team to examine public affairs activities in relation to sustainable development, including the activities of professional associations. All public affairs managers in the markets in which the Group operates must cooperate with their local counterparts with responsibility for sustainability to advance L'Oréal's sustainable development strategy.

L'Oréal is not a member of any professional association that opposes climate legislation. In the event that one of its professional associations takes a position that is not in line with the Group's sustainable development strategy – or the duty of vigilance in terms of human rights and sustainability reporting – L'Oréal reserves the right to express a different position.

Since 2022, as part of the annual evaluation carried out by the Carbon Disclosure Project (CDP), L'Oréal has submitted a comprehensive report on all the positions it has taken within its professional associations, and the efforts it has made to encourage these associations to continue to raise the bar on environmental issues.

As a reminder, **L'Oréal was recognised by the global environmental protection organisation CDP for the eighth year running in 2023, with a triple 'A' rating** for its environmental action in terms of combatting climate change and protecting forests and water security.

c) What role does the Board of Directors play in the application of your interest representation policy (e.g. lobbying activities, budget, meetings)?

The Board of Directors defines L'Oréal's strategic orientations, including its lobbying policy. It ensures that lobbying is conducted with integrity and transparency, in accordance with the latest legislation and the values and ethical principles of the Group.

The Audit Committee reviewed L'Oréal's responsible lobbying policy at its meeting on 4 December 2019. It was presented by the head of Internal Control, Risks and Compliance, who gives the Audit Committee an annual update on measures taken to improve internal control, which includes the Group's lobbying policy. The Board of Directors receives a report on this meeting.

L'Oréal also updated its Code of Ethics in 2023, including a chapter on "Promoting Responsible Lobbying", with the revised edition presented to the Board of Directors in June 2023. The Code is part of the Board's permanent reference documentation.

As a body, the Board of Directors plays no part in applying L'Oréal's lobbying policy. It may address certain lobbying initiatives when such actions are an integral part of the strategic issues brought to its attention.

L'Oréal's CEO is involved in approving and monitoring the Group's public affairs strategy, which includes direct and indirect lobbying via professional associations. The CEO oversees the steering committee for the public affairs strategy and works closely with the international director of public affairs to track key issues.

d) Do you provide training in responsible lobbying for people inside or outside the company (e.g., employees or consultants)? If so, what criteria do you apply in selecting the firms with whom you work?

All employees involved in lobbying comply with relevant rules on lobbying as well as any code of conduct or regulations that require more stringent standards than this policy.
With respect to public affairs, the Group uses several reference documents that provide a framework for its practices:

- *Specific Corruption Prevention Guide*: rolled out throughout the Group as a whole since 2013 and supplemented in 2018, this practical guide covers the relationships with each of L'Oréal's stakeholders, in particular with the public authorities and intermediaries. It aims to specify the Group's standards and to help employees handle situations that they might encounter in the performance of their duties.

  This policy posted online on L'Oréal's website restates the following principles:
    - the zero-tolerance policy on corruption;
    - the prohibition of facilitation payments;
    - the prohibition of all contributions to political parties or politicians with the aim of obtaining a commercial advantage;
    - the prohibition on giving and accepting gifts and/or invitations that might influence or be perceived as influencing a business relationship;

- Responsible Lobbying Policy: distributed in 2021, this policy specifies responsible lobbying commitments and how they should be implemented.

Employees who are aware of any conduct or situations conflicting with this policy can contact the Chief Ethics Officer directly via the secure website L'Oréal Speak Up: www.lorealspeakup.com. Reported incidents are handled within a reasonable timeframe and appropriate measures are taken, regardless of the individuals involved. Employees will not face retaliation for reporting issues or participating in their resolution.

Training: L'Oréal employees involved in public affairs also receive online training, which remind and gives clear examples of responsible lobbying practices. Heads of subsidiaries also receive training, given their role in the Group's corporate affairs across various markets.

With respect to L'Oréal's **partner firms**, and in accordance with its Code of Ethics, the Group prioritises partners (e.g., consulting firms) who share its ethical standards on human rights, working conditions, environmental protection and business integrity. L'Oréal has pledged to help its partners meet these standards and will, where required, terminate its relationship with those who refuse to do so. All L'Oréal suppliers, including consultants, are required to sign its Mutual Ethical Commitment Letter (PDF), available on loreal.com website[1].

Question 10

a) **How many Board Directors have CSR expertise? Who are they and how did they acquire these skills (studies, training, professional experience)? Is their expertise specific to the challenges of your industry (biodiversity, energy transition, social issues, value chain, financial impact of climate change, etc.)?**
Do you publish a specific skills matrix for each Board member?

13 of the 16 members who made up the Board of Directors as of 31 December 2023 have expertise in ESG.

In ESG matters specifically, three priority skills areas have been identified: experience in developing the ESG strategy of an international group, experience of governance and business ethics, and societal commitment, including philanthropy. The variety and wealth of Directors' experience should enable the Board to address ESG issues from a collective, overarching perspective, and to consider them in depth, with the help of internal and external experts (Independent Third-party Organisations, external consultants through specific learning sessions, for example). By way of an illustration, supervision of the climate strategy presupposes the ability to rely on subject-matter experts for an understanding of climate science in order to be able to examine the strategic implications of the main drivers identified for reducing carbon intensity, such as the packaging strategy, formulas, supply chain (in terms of supplier engagement), and advertising elements such as digital marketing etc. The topics falling within the remit of the Board of Directors are becoming broader and more complex, with ESG issues forming an integral part of L'Oréal's strategy and encompassing all sectors of the business. Consequently, it is essential to continue relying on competent Directors who are committed to sustainability issues and who, on the basis of the technical support provided by L'Oréal experts, are able to make an active contribution to defining the Group's strategic vision.

This skills matrix for each Director is published in the Universal Registration Document. The individual ESG skills of each Director are detailed in the list of mandates and biographies shown on pages 66 to 78 of the Universal Registration Document. For example, "Governance and Development of an ESG strategy for an international group" features among the skills of nine Directors.

L'Oréal also publishes a broader skills matrix for Directors. This skills matrix is monitored and reviewed by the Nominations and Governance Committee and by the Board of Directors, with particular regard to determining the profiles to be identified when the composition of the Board changes. This ensures that the Committee is able to adopt both a short-to-medium- and long-term forward-looking vision (12 years maximum, in accordance with the AFEP-MEDEF Code's independence requirements) to develop skills that are in keeping with the Company's strategic orientations and that complement or strengthen those already present on the Board. In this way, the Board is provided with the key skills identified in the matrix on an ongoing basis. The Directors also assess this themselves as part of the annual evaluation of the Board.

The Board of Directors has submitted the appointment of a new Director, Mr Jacques Ripoll, for approval at the Annual General Meeting on 23 April 2024. Mr Ripoll will bring to the Board his financial acumen and his strategic vision on innovation, along with his expertise in new technologies contributing to efforts to combat climate change, and his commitment to sustainability.

[1] https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/mecl-fr--lettre-dengagement-ethique-mutuel-com-final.pdf

b) **How do you ensure that Board members stay up to date with CSR challenges (internal or external training, talks by independent experts, refreshers on the latest regulations and key themes, etc.)? How often do you assess this?**

The inherent skills of each Director are identified to ensure complementarity so that the Board can operate as a collegial body, on the basis of collective intelligence.

These skills enable L'Oréal to cover the challenges facing the Group and the sector as a whole, particularly concerning the four pillars of the L'Oréal for the Future program: climate, water, biodiversity, the circular economy, and the social and societal contribution to the Group's ecosystem.

They are supplemented by a dedicated learning plan. For example, in 2022, the Directors took a specific CSR training course provided by internal and external instructors, followed by discussion groups. Training covered the following issues:

- acceleration in climate-related challenges;
- sustainability report and European standardisation;
- the environmental impact of digital technology;
- L'Oréal's roadmap for Sustainable Development, Beauty Tech and IT.

Directors' skills are continually nurtured by high-level presentations at Board and Committee meetings.

Executive Committee members' presentations systematically incorporate CSR challenges related to their business. In 2023, this included presentations on Human Relations, Digital & Marketing, Operations, North Asia and China, Latin America and North America.

The Board also has the opportunity to review strategic issues that incorporate sustainability challenges. For example, in 2023, the Directors examined CSR issues including progress on the L'Oréal for the Future programme; the challenge of sustainable and responsible digital technology; ethics policy and operations policy, including supply-chain risks; and the Human Resources policy.

The Board and its Committees are also regularly updated on the latest regulatory changes. Examples in 2023 include updates for the Audit Committee on regulations with regard to sustainability reporting (CSRD) and the European Corporate Sustainability and Due Diligence Directive (CS3D), and a review of "Say on Climate" resolutions for the Nomination and Governance Committee.

More broadly, the Board explored specific sustainability-related fields through its different Committees. These Committees report back to the Board.

In 2023, the Strategy and Sustainability Committee examined the Group's strategic development prospects through a review of recent initiatives under the L'Oréal for the Future programme, presented by the Chief Corporate Responsibility Officer. These included eco-designed stores; sustainable energy supply; the first "Worldwide No Waste Cup"; the 14th Citizen Day, information on the "Imagine the Future of Dermatology" event, aimed at supporting healthcare professionals in the social and environmental transition; the partnership for the 15th Climate Week in New York; the newly created L'Oréal Climate Emergency Fund; the launch of the e-commerce environmental score for Garnier in France; and the "One D/Way for the Future" event held for the second time to disseminate best practices and enhance employee engagement. The Committee also review the Net Zero climate strategy, including the plan to reduce carbon intensity in line with the SBTi pathway.

The Audit Committee reviewed regulations with regard to sustainability reporting in compliance with the Corporate Sustainability Reporting Directive (CSRD). It also made recommendations with regard to the appointment of sustainability auditors (CSRD). It reviewed the financial management procedures for commitments under the L'Oréal for the Future programme and the "Sustainable Finance" organisation. It also reviewed the Group's risk mapping and the updated to the 2023 Vigilance Plan and the draft CS3D.

The Human Resources and Remuneration Committee looked at the key pillars of the Group's Human Resources policy with L'Oréal's Chief Human Relations Officer. This included a review of the Group's senior employee policy and its policy on diversity and equality.

Through its annual self-assessment, the Board of Directors determined that it has adequate information on key issues related to CSR, building on the training provided in 2022.

c) **How do you assess the CSR skills of Board members? What are your assessment criteria? How often do you assess? Do you conduct individual or group assessments?**

The ESG skills of Directors are assessed on the basis of three priority criteria: experience in developing the ESG strategy of an international group, experience of governance and business ethics, and societal commitment, including philanthropy (see answer a), above).

This skills assessment is conducted individually and is used to compile the individual and collective skills matrices. This skills matrix is monitored and reviewed by the Nominations and Governance Committee and by the Board of Directors, with particular regard to determining the profiles to be identified when the composition of the Board changes.

These skills are also reviewed as part of the Board's annual self-assessment. This aims to ensure that the required skills are clearly represented on the Board and across its four Committees. The 2023 assessment highlighted the importance of maintaining or strengthening the level and diversity of skills, particularly with regard to sustainability and international experience.

d) **Is CSR part of your selection criteria when appointing new Board members?**

As part of the process of appointing new Board members, the Nomination and Governance Committee determines the preferred profile with regard to the expertise and experience needed to build out complementary of the Board Members, with specific focus on ESG skills.

The Board of Directors has submitted the appointment of a new Director for approval at the Annual General meeting on 23 April 2024. He will bring to the Board his expertise in new technologies contributing to the efforts to combat climate change and his commitment to sustainability.

In conducting its annual self-assessment, the Board emphasised the need to maintain/reinforce the level and diversity of skills, particularly with regard to sustainability and international experience.

Questions from Initiative Pour un Actionnariat Citoyen (IPAC)

Question 1

The Group's online sales are growing. What is the breakdown between online sales and offline sales?

Question 2

How many of the Group's company restaurants worldwide have taken environmental actions initiated by L'Oréal? (Please make a distinction between restaurants that are concessions and those under direct management.) Can you also provide data (both in absolute value and as a percentage) on the number of restaurants operated as concessions and those under direct management?

Answers

Question 1

The proportion of the Group's sales represented by e-commerce increased nearly sixfold between 2015 and 2023 (5% to 27%), with growth in all Regions and Divisions (+9.5% at Group level in 2023). These figures cover sales achieved on the Group's brands' own websites and with e-commerce pure players plus estimated sales achieved by the Group's brands corresponding to sales through the retailers' websites (non-audited data), on a like-for-like basis.

The consumer purchase journey has expanded to include multiple points of contact with the Group's brands, both online and offline. E-commerce is a source of additional business and a growth accelerator as it allows L'Oréal to reach new consumers everywhere, including areas in which there is no distribution. In some countries, like China, more than one in two products is sold online, and the trend is accelerating thanks to social networks. "Social commerce" is shaping the future of beauty.

Question 2

In its restaurants under direct management, the Group raises employees' awareness of waste, ensures 100% of food waste is recovered, and adapts the quantities served accordingly. It promotes responsible, fair trade and sustainable food by favouring local organically farmed produce, fair trade coffee, and seasonal fruit and vegetables. Campuses in the Paris region have committed to reducing plastic and recovering frying oils by turning them into biofuel. Two campuses have earned the *"Mon restau responsable"* label for a quality food service that respects the environment. Where possible, kitchen gardens and beehives have also been set up on some sites.

L'Oréal also pays close attention to the responsible management of the restaurants it outsources to third-party specialists, particularly in terms of sustainable and responsible food sourcing, and sustainable resource and waste management. As part of this management, the exchanges between L'Oréal and the service providers responsible for the restaurants mainly focus on the actions implemented to reduce waste, reuse materials by eliminating single-use items whenever possible and recycle.

L'Oréal has long been committed to combatting food waste. Contributing to the national goal of reducing food waste in collective catering by 50% by 2025, the company's restaurants have donated their surplus food to organisations such as *Restos du Cœur* and *Le Chaînon Manquant*. A total of 4,999 meals were donated over the course of 2023.

Some other examples can be mentioned. In China, in partnership with the catering provider, discounts are applied to the purchase of hot drinks when employees bring their own reusable cups, activities are periodically organised to raise awareness about environmental protection, and food waste is monitored very closely. In the United States, partner providers have implemented initiatives and programmes that primarily focus on eliminating plastic and single-use items, and the implementation of reusable solutions, composting, waste recovery, or reducing waste. The Group pays attention to the quantity of portions served to reduce waste, and the menus offered are healthy and varied. Information is provided on the nutritional content of the menus. Other examples include Australia, where all food surpluses are donated, and Malaysia, where a pre-order system helps reduce food waste.

Questions from PHITRUST and MIROVA

Question 1

To date, your company has not yet committed to using the reporting framework on nature promoted by the Taskforce on Nature-related Financial Disclosures (TNFD). Given the rapid erosion of biodiversity, we wish to encourage the adoption of the best transparency practices so that companies report on their impacts, dependencies, risks, and opportunities related to nature. Could you explain why your company has not joined this reporting framework, and can you pledge to shareholders that you will join this initiative in the near future? If not, will you report on biodiversity within the framework of the European Corporate Sustainability Reporting Directive (CSRD), as a material issue for your company?

Question 2

Furthermore, as a continuation of this approach, have you considered adopting science-based targets such as Science-Based Targets for Nature (SBTN) to embody this ambition to preserve biodiversity?

Answers

Question 1

The Group has shown a long-standing commitment to the preservation and sustainable use of biodiversity. L'Oréal for the Future reaffirms this commitment through specific targets. This includes reducing the impact on biodiversity of all operated buildings and industrial sites; ensuring that all biobased ingredients for formulas and packaging materials are traceable and come from sustainable sources (with none linked to deforestation); and controlling the impact on the ecosystems vital to the sourcing of biobased ingredients used in formulas.

To take things further, aware that biodiversity loss undermines many services provided to our economies (pollination, air and water purification, soil fertility and resilience to climate change), and to build out its assessment of the risks and opportunities linked to climate change, the Group began a study in 2023 to map dependencies, risks and opportunities linked to natural resources and ecosystem services, with a view to improving its ability to measure its impact on nature throughout the value chain (direct operations, upstream and downstream).

Work to map Dependencies, Impacts, Risks and Opportunities is ongoing. It is based on the voluntary frameworks, benchmarks and tools available (including SBTN and TNFD). This may lead to the development, prioritisation and implementation of action plans to manage dependencies and risks and seize specific opportunities, in addition to the measures already in place. The TNFD's recommendations for corporate reporting on nature-related issues were published in September 2023. Detailed qualitative information will be published in the 2024 Universal Registration Document, within the framework of the CSRD.

Question 2

The Group has shown a long-standing commitment to the preservation and sustainable use of biodiversity. The L'Oréal for the Future programme includes specific targets based on the scientific measurement of impacts. At the same time, L'Oréal continues to work on different methodologies for assessing the impact of its activities on developing biodiversity in France and worldwide. As such, the Group takes part in the work of the Science-Based Targets for Nature network's Corporate Engagement Programme, CDC Biodiversité's B4B+ club and the One Planet Business for Biodiversity (OP2B) collective.