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# EDITED TRANSCRIPT

L'Oreal SA Annual Shareholders Meeting

EVENT DATE/TIME: APRIL 21, 2023 / 8:00AM GMT

## CORPORATE PARTICIPANTS

**Alexandra Palt** -

**Catherine Bellon** -

**Christophe Babule** *L'Oréal S.A. - Executive VP & CFO*

**Jean-Paul Agon** *L'Oréal S.A. - Chairman of the Board*

**Nicolas Hieronimus** *L'Oréal S.A. - CEO & Director*

**Sophie Bellon** *L'Oréal S.A. - Independent Director*

**Unidentified Company Representative** -

## CONFERENCE CALL PARTICIPANTS

**Unidentified Shareholder** -

**Unidentified Participant** -

## PRESENTATION

**Jean-Paul Agon** *L'Oréal S.A. - Chairman of the Board*

Ladies and gentlemen, (inaudible) for the L'Oreal Shareholders Meeting. I'd like to thank you for your presence, your loyalty, and I'd like to welcome all those of you who are joining us for the first time. I'd like to thank your Board members who are all present in the front. Let me remind you that this shareholders meeting is public through its being broadcast live on the L'Oreal website. It seems to be (inaudible) as it always has been. This annual meeting is very important for us and for you too, we hope and we'd like it to be as informative and agreeable as possible.

So as usual after the various interventions, you'll have an opportunity to put questions on all issues that you'd like to address and obtain information about. The hostess is in the room and available to collect the questions that you'd like to submit to us. We've got the cards. Perhaps that's not very modern, but it's very useful.

I know that people like to write their question down on the card, sign it with their name. And as we do every year, we'll try and answer as many questions as possible and all those that have been written down on a card with the shareholders' name. If they're not answered during the meeting, they have been answered subsequently.

Our shareholders who are following us remotely can send in the question digitally on the webcast platform of the shareholders meeting on the loreal-finance.com. So these questions will be answered during the course of the shareholders meeting on the basis of a selection of the topics that have been the focus of attention of shareholders. And with the time allowed, we have a limited time for Q&A 'cause priority will be given to questions put by shareholders obviously physically present at the shareholders meeting.

Let me inform you that the list of shareholders present or represented will be closed at 11:30, so as to

set the voting conditions at the end of the waiting. And keep you informed of that as per usual, we're going to be showing you a short film so as to allow everyone to sit comfortably before we open our shareholders meeting together with Nicolas. This year, we've chosen what we call the L'Oreal visiting card. It's a video that presents in a very informative way, the key figures of your company also financial but also in terms of social, environmental and societal commitment.

(presentation)

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

I like to formally open meeting. I'll be chairing the scrutineers of the 2 shareholders, member of the meeting who hold both in their own capacity as well as proxies, the greatest number of votes and accepted these tasks associated is represented to act as scrutineer by Mr. Jean-Victor Meyers and Nestle represented to exercise the function of scrutineer by Madam Béatrice Guillaume-Grabisch.

The Chairman and the scrutineers form the bureau of the meeting, who appoint a secretary on my left, Madam Catherine Bellon, Secretary to the Board of Directors; Mr. Nicolas Hieronimus on my right. Nicolas Hieronimus, CEO of L'Oreal; Mr. Christophe Babule, who is CFO. Also present at my side, our statutory auditors are present in the room, (inaudible) representing [EY], Mr. David Newport representing Deloitte; [Eric Mile], Core Officer, is also in attendance.

No shareholder has asked for a draft resolution or agenda item to be tabled. I therefore ask Madam Catherine Bellon to give us a provisional quorum situation as well as some additional information on our meeting.

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**Catherine Bellon -**

Chairman, shareholders were convened to this meeting in compliance with legal formalities before the beginning registration, not completed. The attendant sheet noted the representation of (inaudible) shares, that is 82.64% of the share capital. 876 shareholders are present, 43 are represented, 8,207 have given their proxy did a churn, 11,267 are voted by correspondents.

The meeting, therefore, has a quorum to rule both in the ordinary and extraordinary meeting or documents when they're available to shareholders. In the required time the company responded to the requests for documents supplied to it documents for this meeting that will be found here on the desk. Since these documents were made available to shareholders I propose that we do not read through them in detail. The meeting is normally established and may take valid decisions.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Thank you. Let me say a few words about how our meeting will proceed. No surprise as it does every year. As with every year, we were attentive to the marketplace expectations to determine the issues that we could address during this meeting. We sent out 2000s of your questionnaire in order to collect your views. There are a great many answers received and we thank you. We decided to focus this year, specifically on the financial solidity of the agreement, its strategy, notably in terms of sustainable

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development.

Mr. Babule will begin by presenting the economic and financial activity agreed in '22. Mr. Nicolas Hieronimus will discuss the business in 2022 for L'Oreal and set out strategy and outlook for the future. Madam Alexandra Palt, who you met a few years ago, Head of Social and Environmental Responsibility will present the group's CSR policy as well as the main initiatives underway with the focus on L'Oreal's climate strategy, and then I'll share with you my thoughts on the year and the governance development of your company and of course, report you on the work of the Board of Directors conducted during the course '22.

Madam Sophie Bellon, Head of the HR and Compensation Committee, will provide a presentation on compensation of executive officers part of the resolutions. And Madam Catherine Bellon will present the various draft resolutions. The auditors will deliver their report. We will answer your questions during the course of a general discussion. And lastly, we'll proceed to vote on the draft resolution.

So let's begin now and ask Christophe Babule to present the key points of the 2022 financials.

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**Christophe Babule L'Oréal S.A. - Executive VP & CFO**

Ladies and gentlemen, the presentation of L'Oreal's results will comprise information pertaining to the business, the financial cash flow, balance sheet, dividend as well as our changing environmental and social performance in 2022. Your group once again recorded an excellent performance in spite of the unprecedented number of challenges that we had to face. If there are any 3 key figures, it'd be double-digit growth, like-for-like, plus 10.9% operating margin, 19.5%, up 40 basis points and the increase of 27.6% of net earnings per share coming in at EUR 11.26.

Consolidated sales has topped the EUR 38 billion mark, up sharply, 18.5%. The exchange rates were very positive to the tune of 7.2% because the persistent weakness of the euro throughout the year. Structural variation positive to the tune of 0.4% with the acquisition of American brands used to the people in skin better science. So like-for-like growth comes in at plus 10.9%. If we exclude 2021 exceptional in many respects, L'Oreal in '22 delivered its best growth like-for-like for over 20 years. On a reported basis, it's the best for almost 30 years.

Let's look at sales by division. Professional products ends the year well with a growth of 10.1%. L'Oreal Luxe, up 10.2% at a sustained pace in spite of the turbulence of the Chinese market. L'Oreal Dermatological Beauty former Active Cosmetics, delivered remarkable growth, almost doubled in size since 2019. What's also remarkable is the acceleration plus 8.3% of the Consumer Products division, its best growth for 20 years.

The split of our business by geographic zone well balanced 3 zones are topping EUR 10 billion in sales. Europe and North America, each representing about 30% of the total and North America over 26%. The emerging markets, combining Latin America and SAPMENA-SSA, Southeast Asia, Middle East and Africa, hence forth, represent 14% of total sales becoming a fully fledged growth driver. Business was very

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dynamic across zones in Europe. We recorded double-digit growth for the second consecutive year, fine performance in large countries where we've got a high market share. North America growth also remained very strong, 10.4%. And Northern Asia growth came in at 6.6%. Business slowed in the second half because of challenging market conditions in China with the upsurge of COVID.

In a market that was down, L'Oreal sales in Continental China grew 5.5%, thanks to an increase of 10% of online sales in emerging markets growth of 22% of the growth in SAPMENA-SSA was driven by India, Malaysia, Singapore, Gulf country, Vietnam, where it's growth of 18.6% in LatAm was well distributed across countries led by Mexico.

The key word for the year '22 is balance. Balance in the growth contribution by division and geography and also balance in the growth components, 1/3 from volumes, 1/3 from price increases and 1/3 from the mix improvement, largely driven by innovation. As you can see on this Slide 22 with a great vintage in terms of earnings. Sales are up 18.5%. Operating profit up 21% at close to EUR 7.9 billion. We managed to partially offset the rising costs of raw materials, continued our efforts to improve the efficiency of our organizations and above all, continued to invest in growth drivers to ensure further growth in all markets.

Operating margin comes in a new record 19.5%, up 40 basis points versus 2021. Net income, excluding nonrecurring items, grew more than 22.6% at EUR 6 billion. Net profit after noncontrolling interest grew 24.1% coming in at EUR 5.7 billion. On this chart, a few items of comparison versus 2019 pre-pandemic. Some key figures to show how we remarkably weathered the last 3 years. Sales grew 28% to reach more than EUR 38 billion. Growth like-for-like comes in at 23% over 3 years. That's over 7% a year.

Operating profit grew 34% from EUR 5.5 billion to EUR 7.5 billion. Operating margin improved 90 basis points to reach a record level of 19.5%. All this when we considerably invested in supporting our brands to ensure our growth and prepare the future related to sales, our advertising and promotional class (inaudible) 70 basis points. In absolute terms, they grew by 1/3 to over EUR 11 billion and EUR 11.26 net earnings per share is sharply up by 27.6%. This increase is driven by increased net profit, 22.6%, and the cancellation by your group of 4% of its treasury shares following the buyback from Nestle in December 2021.

Cash flow from operations exceeds EUR 7 billion. Working capital requirement grew EUR 1 billion. Your group has set up precautionary inventories of raw materials and supplies at much higher prices than previous years and finished product stocks to offset disruptions in the supply chain. CapEx total EUR 1.3 billion at 3.5% of sales. Operating net cash flow amounted to close on EUR 5 billion. At the end of December, net debt totaled EUR 3 billion and EUR 1.4 billion if we exclude the rental lease debt. The debt ratio is at a low level, 11% and the financial leverage at 0.3%.

Your group has find leeway to ensure its expansion. Short-term ratings are the best that can be obtained furthermore issuance credit ratings long term that your group received both in March 2022 from S&P and Moody's through its first bond issue of excellent quality. The balance sheet remains extremely

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robust. Shareholders' equity, EUR 27.2 billion represent 58% of the total balance sheet. This constant quest for strength is permanent.

Your group continued its efforts in many areas as part of internal control and risk management in '22. We can cite the following initiatives: tracking policies implemented for data confidentiality, a review of insurance and fraud risk following digital risks and challenges and preparing the fourth edition of the Ethical Code Practice published on the 1st of March this year. This was presented to the Audit Committee and for the Ethical Charter to the Board of Directors.

Super performance delivered by your company in 2022 as well as the strength of its balance sheet led the Board to propose to the shareholders meeting a dividend of EUR 6 per share, up 25% versus 2021. And as you can see on the left-hand side of the chart between the end of 2019 pre-pandemic and '20 of April.

Yesterday, the L'Oreal share price has grown 62% of performance, outstripping that (inaudible) that grew 26% over the same period. On the right, total shareholder return that includes the valuation of the share price. And income in the form of dividend, you'll see measured at the end of December '22, this profitability stands at 9.6% per year over 3 years and 14% per year over 5 and 10 years. Profitability, 1.5x to 2x that of the index over medium and long term.

A few words about the business in Q1. We just reported our results in a buoyant consumer segment. A bit disrupted at the beginning of the year by China. Your group got off to a good start to the year. Sales totaling EUR 10.38 billion, up 14.6% on a reported basis, 13% like-for-like by division. Professional Products continues to grow plus 7.6%, 14% increase. Consumer Products division displays excellent performance. L'Oreal delivers growth, 6.5% similar to Q4. L'Oreal Dermatological Beauty is a front runner, plus 30.6%.

By geography, business is accelerating versus last year. Northern Asia business up 1.9%. Chinese consumption heavily disrupted in December and January through the health situation gradually recovered as of February. Western markets, on the other hand, were extremely dynamic with a growth of 26% in the SAPMENA-SSA and 22.3% in LatAm emerging markets are fully playing their role of growth driver.

A few words to close and tell you about our engagement on social, civic and environmental responsibilities regarding L'Oreal for the Future. 2022 was a further year of progress. You can see on screen some of our achievements in terms of combating change, sustainable water management, respect for biodiversity, preserving natural resources on the climate. The group has pledged to reach carbon neutrality for all its facilities by 2025. Seen in 2022, 110 sites, 22 plants have reached carbon neutrality. That's 65% of all our sites.

Lastly, your company was once again rewarded for its societal environmental performance and recognized by as one of the best companies in the world by NGOs, rating agencies or international

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organization all leaders in their respective fields. Thank you for your attention.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Thank you very much, Christophe. I would now like to invite Mr. Nicolas Hieronimus, CEO of L'Oreal, who will present your company's activity in 2022, its strategy and its outlook.

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

Ladies and gentlemen, dear shareholders, I am very pleased to introduce you on the occasion of our Annual General Meeting. A highlight in the light of our company and an opportunity to share with you L'Oreal strategy and our latest development. I'm pleased to share with you the pride of our 87,000 employees. Over L'Oreal's performance in a world marked by multiple (inaudible) once again and despite the headwinds, L'Oreal is on track when it comes to growth, gains in market share, improved profits and dividends, but also social, societal and environmental performance.

After this detailed presentation by Christophe, I will focus my speech on the performance achieved in 2022 and then explain why I'm confident for 2023 and the decade to come. But before that, dear shareholders, on behalf of the entire Executive Committee, I would like to express my gratitude to you. Indeed, in an increasingly competitive market, our ability to achieve this remarkable performance stems from the talent and unwavering commitment of our teams around the world and the loyal support of our shareholders. You enable us to endow L'Oreal with a long-term vision for the future to make the investments, the strategic choices and the human choices that are crucial to our development.

Many thanks also to the members of our Board as well as our Chairman, Jean-Paul Agon. It is thanks to you that L'Oreal is performing so well. First of all, the year 2022. We have performed not only economically and financially, but also environmentally and socially. And this full performance is the cornerstone of our corporate project of the ambition we have set ourselves. 2022 was a year of remarkable performance. We achieved revenues of EUR 38.3 billion and achieved another year of double-digit growth, close to 11%. That is EUR 3.5 billion in pure organic growth. In reported terms, we reached an outstanding 18.5%.

In 2022, we managed to increase our growth rate compared to 2019, the year before COVID, quarter-on-quarter. Once again, we have significantly outperformed the beauty market, growing 1.8x faster than the market and consolidated our position as the world's leading beauty company. And for the second year in a row, we head the grand slam by outperforming in all geographies, divisions and categories.

Once again, the perfect balance. As we like to say, in-house, our engine is firing on absolutely all cylinders. In terms of zones, the first piece of good news is that Europe, despite the conflict in Ukraine was the leading contributor to growth this year, up 11.6% like-for-like, giving us a market share of 20% in the continent's main countries. 2022 confirmed the turnaround in North America, which for the first time exceeded EUR 10 billion in annual revenues with like-for-like growth of 10.4%. North Asia grew by 6.6% LFL.

In China, in particular, despite an extremely difficult health situation, we achieved growth 11 points higher than the market. We owe this remarkable performance to the amazing resilience of our teams in China and to the talent and the agility of our operations, who managed to maintain near 100% product availability as well as the strong confidence of Chinese consumers in our brands.

Lastly, emerging markets are indeed the growth driver we expected with 20.5% growth, which is a 24% contribution to growth as much as North America. In those markets, the rapid growth of the young connected middle classes and of e-commerce constitute a major opportunity for our company.

In terms of distribution channels, 2022 saw the return of brick-and-mortar trade up 11.7% with a parallel increase in e-commerce, where we continue to grow faster than the market, at plus 8.9%. In total, online sales now account for more than 28% of total group sales.

Concerning our divisions, they all emerged stronger from 2022 in a dynamic beauty market that continues to premiumize. L'Oreal Luxe is our largest division in terms of revenue and the leading contributor to the group's growth. It continues to outperform the luxury market, both in terms of sales and profitability and benefits fully from its portfolio of amazing brands. The brand performance of YSL and Helena Rubinstein and the strong debut of Prada are noteworthy.

In 2022, the division accelerated in skin care and strengthened its leadership in fragrances. It also greatly strengthened its leadership. In China, the Consumer Products division, our largest division in terms of volume and the number of consumers reiterated its come back in 2022, particularly in the U.S. driven by market premiumization and its innovations. The division's makeup brands, Nyx, Maybelline and 3CE, Green brand had an exceptional year. And the strong performance in L'Oreal Paris and Garnier enabled the division to achieve its best growth in 20 years.

Professional Products or regional divisions, has completely reinvented its business model. It is now entirely omnichannel, serving both hair dressers and consumers alike and capitalizing on the global appetite for premium professional hair care products such as Kérastase or L'Oreal Professional.

Lastly, our Active Cosmetics division now called L'Oreal Dermatological Beauty has doubled in size in 3 years and grew twice as fast as the derma cosmetic market in 2022. All brands are growing. The future is looking very promising, driven by 2 major beauty trends, skin health and aesthetics. Examples of those trends include successes like CeraVe and La Roche-Posay on the one hand. And on the other, SkinCeuticals and skin better science, the division's latest acquisitions.

Now a few words about our performance by category. Skin care, our largest category, now representing over 40% of sales remains our strongest category contributed to growth. In the skin care category, your group grew by plus 10% in a market with single-digit growth. Makeup is back on the up, driven by the return to social life, innovation and your group's creative touch as demonstrated by Nyx professional makeup, one of the main contributors to our overall outperformance at plus 9%.



Lastly, 2 categories are accelerating in this post-COVID world, fragrance and hair care. In perfume, L'Oreal is soaring at plus 23% in a market that is growing at double-digit rates. Beyond the return to social life, the craze for perfume from the United States to China reflects the desire for affordable luxury and well-being routines. People everywhere want to feel good and smell good. This trend is expected to continue over the long term. As for hair care, where we grew by plus 12%, well above the market, this category is becoming more sophisticated. Just like skin care, having beautiful hair is a sign of good health and youth.

Our market share gains in all regions, divisions and categories, our brand slam, if you will, is driven by the product innovations L'Oreal has brought to market and the extraordinary ability of our local teams to orchestrate their success. Roll video.

(presentation)

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

I think this video clearly shows what drives performance, excellence in innovation. In particular, as Christophe showed a few minutes ago, this performance means an operating income accounts to 19.5% of our sales, up 40 basis points from 2021 and 90 basis points from 2019. Such an increase allows us, as you know, to bring our dividend to EUR 6, a surge of 25%. This tremendous success can only be fully satisfactory if it is in line with our twofold economic and social ambitions, which brings me back to the notion of balance.

Environmental and social performance is the result of long-standing commitment initiated by Jean-Paul Agon, which we have continued and intensified. And this makes us extremely proud. Our efforts have been recognized year after year and in 2022, for the seventh year in a row, L'Oreal was awarded a AAA rating from the CDP or Carbon Disclosure Project and we were once again named as one of the most ethical companies in the world. In a few minutes, Alexandra Palt will tell you about our environmental commitment, successes and future trajectory.

So I'll just mention a few social commitments, in particular, on L'Oreal for Youth program, which was launched in 2021 and has now reached its cruising speed. We are now creating 25,000 job opportunities per year for people into 30 years old. Our brands are also fully committed to working with grassroots organizations around the world on major causes such as mental health, violence against women, all biodiversity restoration.

As an example, I would like to share with you the campaign, a very moving campaign of our brand, La Roche-Posay, which dedicates 1% of its revenues to research against cancer and the effects of cancer.

(presentation)

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

I am extremely proud of every initiative we have already deployed. Even if we must and will do more,

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given the magnitude of the challenges ahead, we will continue to share value because responsible and sustainable growth means shared growth. This belief was passed on to us by our founders. It's a belief that I and everyone at L'Oreal shares.

I would like to discuss 2023 and the reasons for our optimism both this year and over the longer term. First, that are external factors. On a macroeconomic level, even if exchange rates are expected to be less favorable in 2023 and many uncertainties remain, economic prospects look bright, and we will seize every opportunity. The first signs of a decline in inflation on some commodity prices are being felt.

Business is holding up, particularly in Europe and the U.S. China is no longer on lock down and has clear ambitions for economic growth and strong consumption trends domestically. We strongly believe in the recovery of the Chinese beauty market, and we are ready for it.

During my last visit to China in March, I inaugurated a major industrial project, state-of-the-art distribution plan for our luxury division in Nantong. In addition to this encouraging macroeconomic outlook, our market, there's something special about the beauty market, which is why investing in it was the right move. Beauties and essential need in the quest for beauty is a never-ending quest.

The beauty market has a long history of an interrupted growth. Even in times of recession, consumer demand for beauty products never dips. The market has always withstood economic uncertainty in the past 23 years, including in 2022 with a robust growth of plus 6%. We believe the market will continue to grow at this rate of 4%, 5% on average in the coming years, probably a little bit more this year, driven by both the growth of the global middle class and an appetite for higher quality and more innovative products.

In the current inflationary context, we have seen a moderate decline in volumes. And also there may be caveats for certain categories or geographic areas. Our latest consumer panels show the valuation more than compensates any volume decline as revealed by our latest Q1 2023 figures, which we proudly released the day before yesterday.

But the ingredients of L'Oreal's future success are mostly driven by its internal structure. First and foremost, the strength of our model, which has come out stronger from the crisis of the past 3 years. Since 2019, we have achieved average growth of more than 5 points above the market, which has enabled us to considerably widen the gap with the competition. This model, which you know with your shareholders is built on 6 pillars. First of all, we made a strategic choice to be a pure beauty player. We believe in beauty, all beauty, nothing but beauty.

Second, research and innovation under the leadership of Barbara Lavernos, Deputy CEO in charge of Research, Innovation and Technology. The figures show how much we believe in research with the EUR 1 billion budget year, that's 3% of our revenue and our 4,000 researchers drive every day to ensure L'Oreal's unique capacity for innovation. In 2022, we filed 561 patents, which makes us one of the most innovative companies in Europe.

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Third, our unique portfolio of 36 complementary and desirable brands that cater to all generations and all types of beauty. And of course, we are strengthening and enriching this portfolio through targeted acquisitions, as you have recently seen. Out of our 36 current brands, 11 are now billionaire brands in euros, including L'Oreal Paris, the world's leading beauty brand and Lancôme, the world's leading luxury brand. On the way in, you must have seen our latest additions; Youth To The People, SBS and Takami, 3 skin care brands have dealt beautifully.

But today, I am delighted to report the recent agreement reached with the Natura Group for the acquisition of Aesop. This will strengthen our luxury division once the regulatory authorities have given their approval. Aesop is driven by many of today's consumer trends on the luxury market such as naturality, wellness expectations and customized service. L'Oreal will help to maximize a strong growth potential, particularly in China and (inaudible).

Fourth pillar, our undisputed digital leadership, which gives us quite the competitive edge. Digital continues to reinvent our business models and our activation methods by giving us the opportunity to leverage our touch points and our interactions with consumers around the world. Today, many of our brands are successfully exploring the potential of the Metaverse in particular, to give avatars a new look.

Fifth, and this is a major hallmark of your company. Our industrial fabric with 38 factories and 152 distribution centers around the world, which are home to nearly 25% of our teams or 20,000 employees. This unique coverage offers as phenomenal agility and a local presence with our subcontracting partners. On your behalf, I would like to pay our heartfelt tribute to them today because these teams have been so instrumental both during the 3-year pandemic and through all of the post-COVID headwinds that have marked our supply chain.

Lastly, the fifth pillar of our model and a key success factor of values, which have remained unchanged for the past 114 years, continuity and sharing. L'Oreal's values are reflected in our strong entrepreneurial spirit that percolates through the groups. 87,000 employees who have shown unfailing commitment. Without them, we could never be so successful. Our team engagement rate is close to 80%, and this is also a pride. We also prioritized the well-being of our employees and continue to transform our working methods to maintain our appeal and appealing we are.

L'Oreal continues to attract a variety of talents of the highest caliber. In 2022 alone, we received some 1.3 million applications. These are generations that are more than ever in search of meaning who strongly support environmental and societal causes and are sensitive to our commitments and our corporate purpose for which we launched a new campaign in 2022 with the L'Oreal Group signature.

So if for surprising combination of ingenuity and capacity for innovation sets us apart it's because we are what I call a Unicornus Rex. It's truly a unique creature that combines the strength of the heavyweight with solid fundamentals. The Tyrannosaurus Rex with the agility of the unicorn, the speed and unparalleled innovation capabilities of the unicorn. This makes L'Oreal a unique company, particularly

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well suited to the new era that is unfolding, a new era that heralds a more fragmented and globalized world with less regulation.

We are entering a world of front with multiple crises that are not sequential but rather concurrent. In this world, we have many aces up our sleeve, and I will reference few of them. Our multipolar model with a central strategy, the decentralized operations and strong entrepreneurial spirit provides great organization flexibility, so we can adapt to opportunities and potential (inaudible) that may occur.

Our ability to anticipate technological challenges is our second asset that will enable us to widen the gap even further. As presented last year, we are exploring the power of nature and green signs. In 2022, 82% of our ingredients were readily biodegradable. 61% of our ingredients were bio-based and more than 80% of the new rare or rather raw materials in our catalog from renewable sources. This new world is also powered by data and artificial intelligence. We expand our digital leadership to harness the possibilities of Beauty Tech and explore new horizons, such as the Metaverse, not forgetting artificial intelligence.

We already have over 800 data analysis experts. Our research and innovation is filled every day by the power of artificial intelligence and data. In addition to using our own consumer data on a large scale, we are forging innovative partnerships with tech experts such as Verily. Our lead in Beauty Tech will also be key in the future. We have more than 2,000 dedicated experts.

We took a head start as early as 2018 with the acquisition of ModiFace. And since then, our virtual trial services for makeup, for example, have significantly contributed to the group's e-commerce acceleration. We intend to make services an essential and differentiating agreement of our brands for more sustainable and inclusive value propositions.

Inclusiveness is core to L'Oreal's DNA, as you know, and Beauty Tech will enhance that greatly. We will also -- this will also help us create a range of augmented beauty solutions, such as Hepta, the makeup applicators, specially developed for people with reduced hand and arm mobility, which was presented this year at the CES Trade Show in Las Vegas.

As you can see, L'Oreal is undergoing an exciting transformation powered by artificial intelligence, which forever enhances the capacity for innovation. And in this more fragmented, more diverse world where individuality and personalization are key values, we will move from the universal to the specific, from providing beauty for all to beauty for everyone.

Ladies and gentlemen, your group is poised to succeed in the next decade. We continue to master the game. You heard it, the need for beauty is infinite. The possibilities are endless. That are green lights, beckoning us forward. The playing field is limitless and our room for growth is all the greater sense. Even as a world leader, our market share is only 14%.

We will seize every opportunity, catch every incipient trend, true to our word. We will provide the best

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beauty to our customers, beauty for everyone, everywhere. Beauty that is ever more inclusive, respectful of the planet's limit, a beauty of commitment and contribution, a beauty that drives the world forward. Thank you for your support.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Well, thank you, Nicolas, and well done for a fine year 2022 and such exciting prospects as we go into 2023 in the out years. Let's now welcome Madam Alexandra Palt. You know Alexandra, who had occasion to present before you. She's Head of Societal and Environmental Responsibility of the group. She also heads up the L'Oreal Foundation, have launched in 2013, the program sharing beauty with all to significantly improve our environment, social responsibility. She built the program L'Oreal for the Future.

To transform by 2030 our business to include it in the limits of the planet whilst including the ecosystem to contribute to addressing the challenges of our planet. She joins us today to talk about the environmental strategy of your group, including climate strategy and the main initiatives initiated. Alexandra?

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**Alexandra Palt -**

Good morning to all. On 2 occasions these past few years, in 2016 and 2020, I had occasion to present to you our sustainable development policy as well as societal and social responsibility. This allows me to confirm to you today that sustainable development is an historic engagement of the group. We made very soon choices ahead of our time. Every time those choices were right, helped us to prepare ourselves for a future that science tells us will be made of major upheavals.

We began back in 1979 by pledging to work on reconstructed skin to avoid tests on animals already back in 1995. We set up a lab for environmental research in 2002 onto the visionary leadership of Barbara Lavernos. We initiated our first audits and the social sphere that places amongst the companies that control particularly well, their value chain.

In 2009, we set our first environmental targets to reduce the footprint of our industrial activity. In 2013, we launched our first full development, sustainable development program sharing beauty with all, ahead of its time. I recall many stakeholders, other companies asked why we were making this effort when it wasn't requested. We answered that we believe that it would prepare us better for the future. And indeed, this allowed us to better prepare for the uncertain future that we're confronting today in 2020.

This led us to renew our vision that tirelessly, we had to be ahead of our time and anticipated the sustainable development challenges that we see today. We want it to be even more committed, even more determined. That's the purpose of our second generation of sustainable development commitments under the umbrella of our program, L'Oreal for the Future. These 2 programs were -- and remain ambitious and visionary, sharing beauty with all was visionary because we already addressed all our activities from research to operations, marketing, consumer education, social challenges, and we showed that this was possible.

Between 2013 and 2020, we managed to ecodesign 85% of our products. We reduced by 78% of CO2 emissions of our industrial activities, and we helped over 90,000 people to find a job at the end of 2020 with the acceleration of challenges. We changed our mindset. We didn't just simply look at what we could do to reduce our environmental footprint.

We said what is science telling us. Today, science is offering the limits within which we must operate and must not be exceeded to guarantee a secure space that the human species can survive. And so we set out our goals with the scientists basing ourselves on the theory of the limits of the planet shown (inaudible) limit exceeded puts at risk the ability of human kind to survive. We've decided that our activities would be within these limits.

This has led us to structure a program L'Oreal for the Future based on 3 pillars. The first aimed at transforming our activity, a second aimed at associating our ecosystem to our transformation and when we -- seems more looking at the scale and complexity of the challenges, we have a role to play together by cooperating to find solution.

Lastly, third pillar to contribute to addressing the most urgent environmental and social challenges. The world today is undergoing rapid upheaval, climate challenges, loss of biodiversity, water scarcity, social injustice raising new constraints for the company will limit us quite rightly from accessing resources that we thought were infinite. We must change our way of working. Our responsibility invites us to reinvent an economic model.

Today, I'd like to talk to you about 3 major global challenges that are also challenges for L'Oreal. Climate, biodiversity and water. As climate, you see, climate change accelerating far too fast. We see the devastating human environmental economic effects. We pledged to reduce our emissions by 25% in absolute terms by 2030. How are we going to achieve that? We're going to work hard. Here are a few of our drivers of our transformation to achieve that.

In 2025, all our sites will be carbon neutral. In '22, we're already at 65%. We're on the track for 100%. We're going to reduce our emissions by 50% by finite products. Since we're growing, we have to reduce our emissions more by final -- finished product to arrive at an absolute value of minus 25%. We have already achieved a minus 10%. How to do that?

Change of packaging to recycling, reformulating ingredients in our formula, also a reduction of our transport footprint. We've set as a target to reduce by 50% by 2030. This footprint is difficult because unfortunately, this year, we're at plus 6.7%. But we know that we still have a lot of work to do on this front and our teams are active. Furthermore, we are going to readjust by the end of the year.

Our decarbonization pathways under the new SBTi net zero. This methodology is recognized globally to define the alignment trajectories on a 1.5-degree scenario. Let me remind you that on all our objectives, the group has never used carbon offset.

Second major challenge for the world, very linked to the climate is biodiversity preservation. Biodiversity and climate are very closely linked because that living species, of course, depend on climate condition thread-like cycle. We're transforming nature into farmland, towns and lived-in zones, not protected areas so that ecosystems can play their vital role of carbon capture and keeping living ecosystems.

We've taken strong commitments of biodiversity. And is your concern for consumers, public authorities and societies at large. By 2030, 100% of our ingredients and formula and packaging materials are biosourced, traceable and from sustainable sources. We're at 92% today, that's in (inaudible) . We've already pledged the footprint of ecosystem for our ingredients be maintained at a level identical to that in 2019. However, we need to go further.

You know that we have to regenerate nature to vital necessity to fight climate change. To create, ecosystems must be restored to purpose of the setting up of our fund for the regeneration of nature with EUR 50 million funding the restoration of forests and oceans.

Another very important global challenge, water. You know that by 2030, there will be many areas of water scarcity, each of us is concerned as well as our plants and our ability to get our activity accepted by local population. Obviously, when water becomes scarce or is scarce, dissipates in certain areas and the local people will no longer be able to have access to it for their essential needs. They won't understand that businesses are drawing that water for their own needs.

We pledge that by 2030, 100% of water used in our industrial processes, be recycled and reutilized and (inaudible) and our road map is being rolled out. When we talk about water, of course, is the question of the quantity of water used but also that of its quality, reason why we've decided to ensure that all our formula guarantee that they don't have a harmful effect on the diversity of aquatic resources.

How are we going to accomplish all this? Well, first of all, by cooperating with our ecosystem. It's a second strategic pillar, and it's our absolute conviction in order to form part of a 1.5-degree scenario as climate science recommends for 2050, we decided to go all out to reduce emissions under our control. Our plants, for example, and we'll get there, but there's also major work to be undertaken with our suppliers, our distributors with our value chain because the majority of this carbon footprint is in Scope 3, cooperating with them is necessary to achieve our goals.

We're looking at the carbon footprint of our suppliers, developing reduction strategies. They know that it's a precondition for working with us. But of course, we're working on innovation to invent the low-carbon solutions of tomorrow, shown on screen and innovation. The cardboard of tube that we've developed with our supplier (inaudible) that reduces by 75% the share of plastic compared to a conventional tube. Furthermore, we must cooperate with our distributors to democratize and make normal the use of refills to reach our targets.

Lastly, our consumers. We must encourage them to consume responsibly. It's our duty and our contribution to more sustainable society, we must indicate the environmental impact of our products.

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And the beauty industry has come together to forge a consortium, EcoBeautyScore and developing and adopting common evaluation and display method of the environmental facts (inaudible) of course, we won't be able to operate in societies. We can by primate and environmental change if we are not also capable of committing for greater social justice, greater equity through the rollout of a decent wage. It's this wage that guarantees decent livelihood for oneself, for ones family. Of course, this is the case for our people throughout the world.

We will discuss further, that's why we've asked our suppliers to work with us to reach this objective also in 2030. Similarly, we're working with our suppliers to allow an ever growing number of people who are vulnerable to find a job in 2022 of 70,000 additional beneficiaries were able to find a job. Our conviction is that it's our duty to use our success to contribute to society. Our fund for women has supported over 1,230,000 women in a vulnerable situation worldwide last year.

To conclude, I'd like to say that our transformation is profound. And that we're probably better placed than others because we made that choice early on a choice of values, consistent with L'Oreal's DNA. It's also a choice of reason too because we must be ready in a world of upheaval, ready to meet the legislative and regulatory challenges, more and more constrained. Particularly in Europe, to meet the demands of consumers and civil societies that feel even more concerned by these social issues prepared because we've been working at it for a long time. We want to demonstrate once again that financial and nonfinancial performance (inaudible) and that we're creating value for all. Thank you.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Well, as you can see, Alexandra's determination to change things is really contagious. I'm sure you sense that. You see the mindset that drives us at L'Oreal a constant quest for improvement our company has always delivered and we continue to work to provide solutions because this decade will be key. Climate change threatens the health of the planet and the wellbeing of human kind, but we will be able to deliver on this major challenge of our time.

Ladies and gentlemen, shareholders, as you've seen, L'Oreal is going from strength to strength with a very growing ambition tact for dual success. Societal and economic success has been our objective for decades and be at the heart of our model. L'Oreal has a duty to be both efficient and exemplary. Our ultimate goal is to create value that benefits all. I believe I can safely say that we're delivering that. We're creating value for you, the shareholders.

Nicolas demonstrated L'Oreal delivered in 2022 a further year of remarkable business growth, market share and earnings. The resilience in our performance of our company want again, the full demonstration of its robust virtuous and model that creates value. I'd like to help the decisive role of Nicolas Hieronimus, his inspiring leadership, his tireless energy and his ability to fully move with times and (inaudible). With the Executive Committee, he's been able to respond rapidly to the multi crises of an environment that is being up and didn't capture the opportunities of a constantly changing market.

So, quality of our earnings, as you've heard, allows us to propose a dividend of 25%, EUR 6. And as you

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know, also EUR 6.6 for those who've been holding debentures and shares for more than 2 years. Year after years we are stepping up our payout policy with the dividend that has increased fivefold over 17 years, and the increased dividend of EUR 6 allows us to increase the loyalty of our registered shareholders and rewards that loyalty.

Over and above, value creation that is financial, I know that you attach a growing importance to our relationship. We strive to meet your expectations. We take part in numerous events throughout the year to reach out to these key opportunities so as to forge with your relationship built on trust and confidence.

I'd like to thank members of Advisory Committee here present, you play a key role to pass on the expectations of all our shareholders and to help strengthen our relationship. I welcome the fact that our annual report, our website and Shareholder Relations were recognized for quality and information, unable to cite all the awards received. There are great many as you can see on the screen. I'm sure you'll join me in hailing the -- it's wonderful work of our teams. They reach out to you and share ever growing content to give you a full vision of the life of your company.

So dear shareholders, it's no accident if you're growing in number particularly pleased to welcome over 30,000 new individual French shareholders who joined us in 2022. Well, not today but rather than physically difficult in this -- but it's the first year that we see such a significant increase in the number of individual shareholders, that testifies to your trust in the L'Oreal adventure, its strategy and future potential. As Chairman, I see every day what a loyal and quality shareholder brings to L'Oreal.

Secondly, we create value, thanks to our 87,400 people. The sense of solidarity, creativity and thirst to go the extra mile were instrumental in carrying L'Oreal to new heights. They have my admiration on the Board's behalf as well as my own, I'd like to thank them and congratulate all. They are the secret of the success of our group.

Involving them in the performance of L'Oreal was obvious, we launched in 2022, 1/3 share ownership program for our employees in 62 countries, over 1/3 of our employees worldwide and 2/3 in France are now shareholders of the group. It's a strong proof of commitment to L'Oreal, an additional way of aligning their interest to yours, but their profound aspiration noted to be those of the younger generation is to share, to work with a company that shares their value.

Thirdly, create value. I profoundly believe that the value on which the L'Oreal culture rests guarantee our sustainability, entrepreneurship, courage, respect, transparency, ethics and responsibility, with or whatever the issue, the corporate culture that unites the people of L'Oreal is our distinctive specificity that no other company will ever be able to copy this culture, is regularly hailed and recognized notably in terms of ethics and inclusion. These values are all the more important in an uncertain world, giving meaning to our individual actions.

More and more, we must roll them out and embody them, but value creation extends naturally to

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stakeholders while creating value for our ecosystem for a very long time. Now, I'd like to focus on the way in which L'Oreal involves France in its success. Because, as you know, its a few streets from here that the L'Oreal adventure began, 116 years ago and still in France, many things are happening. L'Oreal has, of course, become a global company rich in diversity. But its heart beats and will always beat in France. We employed over 15,000 people in France.

We've established long links with many partners, 900 suppliers based in France, our industrial routes in France are powerful even if we only achieved 7% of our sales in France, our French plants deliver 26% of global production. It's flagships at the cutting edge of technology and responsibility where we've invested over EUR 500 million over the past 5 years contributing to the dynamism of our communities contributing to the reputation for its excellence internationally and the country's trade balance, your company is one of the main French export companies to the tune of EUR 5 billion.

We've made France a land of excellence and technological innovation, 8 R&D centers, 2,700 researchers, 70% of our R&D CapEx is here and also an environmental land of commitments since 97% of the energy consumed in France is renewable.

Lastly, everywhere we operate, we create value for our environment and society. As Alexandra said, we were a pioneer in the transformation of our business model and sustainable development has for a long time being a pillar of our governance, of our corporate strategy and (inaudible) to deliver for each employee. The greater the transformation, the most lasting it is. We listen by our ecosystem, legitimate in our role to drive forward French and international industry and our responsibility has a positive large-scale impact.

That also applies on the social and societal front. In addition to many initiatives, the L'Oreal Foundation that I have the honor of chairing has rallied further for and with women for a more inclusive and sustainable future. Amongst the 3 courses, I'd like to highlight the 25 years [next June of] the program for women and science, over 4,100 scientists in over 110 countries have already been humanly and financially supported. Thanks to this fine program. This fight for quality goes well beyond the gender as we believe that science must be inclusive, so the progress can be universal.

I have every confidence in the future of your group. L'Oreal, as Nicolas said, is fully prepared to invent the best of beauty because your company -- and it's important to understand this rests on an ideal and permanent balance. The balance between performance and responsibility, between continuity and reinvention, between short-term adaptation and long-term vision of being true to its legacy and focusing on the [overall guard].

And to conclude what better symbol of this balance than the historic Head Office of L'Oreal at 14 Rue Royale where Mr. Eugène Schueller had set up his office and his first (inaudible) this iconic place is being totally transformed with the support of the family of our founder. Its futuristic architectural design reaffirms its historical values as well as an invitation to boldness, constant reinvention to adapt to the revolutions of the world.

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I'm very pleased to share with you (inaudible) it is a name steeped in history because (inaudible) was an extraordinary person, he was a great leader of our house, but more than just a tribute to (inaudible) pioneering mindset to current and future generation trends has continue to cease what it is starting, another of his thought summarize the DNA and the soul of your company. There's no progress without [the quest for exploit strong] with your support. L'Oreal is driven by great energy to continue with the exploits and it's fine adventure. Thank you.

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**Unidentified Company Representative -**

Thank you. I'd like to just say a few words about the governance of your company. I'm deeply convinced as are your Board members that exacting rigorous and sustainable governance is source of value for your company, will work tirelessly so that in agreement with the best practices. Governance is a fundamental asset for L'Oreal. It gives us necessary stability and long-term solidity. Your company has a very committed Board with involved Board members who speak their views freely in the constant interest of the company and the stakeholders.

Your board that I have the honor of chairing is very active. And I'd like to briefly summarize its activity in 2022. The Board fully assumed its role in setting out the group's strategy and examined its long-term development opportunities. Thanks to constructive dialogue with management, regular meetings with the key executives. Board members were fully informed of all the group's activities, it's performance versus its peers' and its challenges for the future.

As with every year, a strategic board meeting was organized in June conduct an in-depth review of 3 main issues: research and innovation with a focus on beauty, tech and the rise of new independent brands known as the [indie] brands and risk mapping to strengthen and prioritize their management and prevention and forward focus, more specifically on cybersecurity, so they ensure the group has put in place the appropriate responses and action plans.

The Board continues to follow with close attention the digital transformation of L'Oreal is absolutely key in the context of fast upheavals in modes of communications and consumption. The Board was also attentive to the rollout of the ambitious program L'Oreal for the Future by 2030 that we presented were convinced that sustainable economic growth your company (inaudible) taking into account current global and social challenges. It address long-term compensation policies for the group's executives.

This year also the group wanted to benefit for special TSR training on the question of accelerating climate issues provided by internal and external experts. Board members were also sensitized to the environmental impact of digital tech, future developments on sustainability reporting also presented (inaudible)

The Board reviewed L'Oreal's human resource policy that have diversity rolled out at every level of the company [network], governing bodies as well as the implementation (inaudible)ethics policy. lastly, it conducted an annual review of its functioning, the new governance is working in an optimal way and

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stress the complementarity with Chairman and CEO and welcome these (inaudible) relevance of our (inaudible) governance to continue the ambitious and (inaudible) development (inaudible) we are able to identify the areas of improvements and to address the priority (inaudible) basis these decisions on the recommendations of the 4 study committees that met on 19 occasions in 2022 (inaudible) towards the strategy and sustainable development committee, which is at the heart of the strategic development of L'Oreal. Each of these meetings, we looked at the brand potential of the group and we studied the most recent launches, looked at all acquisitions planned, reviewed at every meeting initiatives regarding sustainable development as part of the L'Oreal for the Future program as well as projects linked to sustainable finance.

Lastly, next, the Audit Committee reviewed the L'Oreal financial statements of L'Oreal, reviewed internal control in place and analyzed the developments of the risk map and the vigilance plan. The commitment also follows the drawing up of financial, nonfinancial information agreed on additional annual meeting to address growing importance of sustainability issues, human resources with compensation committee submitted proposals regarding compensation of executive. Offices reviewed the performance of the CEO (inaudible) the compensation policy for all employees of the group proposed, the setting up of the performance share plan and the third, review of the employee -- of the shareholder employee plan that was very successful.

Nominations Governance Committee reviewed renewal of 2 board members representing employees, offering them a personalized training plan (inaudible) committee conducted the annual assessment program for the Board. It also considered the composition of the Board (inaudible) short and medium term from recommendation of nominations governance committee. The Board decided to propose today the renewal of 2 terms of 2 Board members, that is Sophie Bellon. You know Sophie Bellon, who's Chair and Chief Executive of Sodexo for several years now. She's been presenting to you the items of compensation of executive officers as Chair of the Human Resources and Compensation Committee. It's her second renewal of term of office. Madam Bellon's been a Board member since 2015, an independent Board member, very much involved in the work of the committees. Madam Bellon brings to the Board multidisciplinary knowledge of the company. Her international insights, her mastery of governance is used in the commitments in terms of social and societal responsibility.

The Board also wish to propose the renewal of the term of office of Madam Fabienne Dulac, who's a member of the Executive Committee of Orange, just been appointed Head of Transformation of the group. She's been a Board member of L'Oreal since 2019. She members the Audit Committee, the HR and Compensation Committee. She's been exercising her term with great commitment. She brings to the Board her insights in digital tech sector, consumers, client relations, expertise in HR and that is steering an organization on the going back to transformation (inaudible) renew your confidence in her, lastly changes the composition of the committee after this meeting.

Mr. Patrice Caine was the Chair of the Nominations and Governance Committee, replacing Sophie Bellon, who remains the member of the committee. Two board members representing employees will each join the committee, Mr. Thierry Hamel will rejoin the HR Compensation Committee. Mr. Benny de Vlieger will

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joined the Audit Committee, subject to the renewal of terms put to the vote of this meeting. The Board will remain comprised of 16 Board members; 50% women, 50% men, and 50% independent. So very balanced composition on my side.

The CEO, Nicolas Hieronimus, members of the Board participation enriches the work, the discussions and decisions of the council of the Board, 5 Board members from large shareholders, particularly attentive to the long-term interest of the company, 7 independent Board members with high-level experiences, heads of large international companies and 2 board members representing employees with extensive knowledge of the company. As you know, the Board members of your company of a complementarity of experience, great richness of insight and the cultural diversity fully reflects the diversity policy defined by the Board.

I now will hand over to Madam Sophie Bellon, who summarize the resolutions pertaining to the compensation of executive officers. Thank you.

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**Sophie Bellon L'Oréal S.A. - Independent Director**

Ladies and gentlemen, dear shareholders, as in previous years, this shareholders meeting is called upon to approve on the one hand, the compensation elements paid or allocated to the corporate officers in 2022 in accordance with the compensation policy that you have approved and one the other, compensation policy for 2023 from which compensation may be paid or granted to corporate officers.

In my capacity as Chairwoman of the Human Resources and Compensation Committee, I will present the resolutions relating to the compensation of corporate officers. Firstly, for the year 2022, you are invited to vote on the compensation paid to Jean-Paul Agon, in his capacity as Chairman of the Board. Mr. Agon's compensation consisted exclusively of a fixed annual amount of EUR 1.6 million to the exclusion of any other form of compensation.

With regard to the compensation paid or granted in 2022 to Nicolas Hieronimus, in his capacity as CEO, his compensation included a fixed annual compensation of EUR 2 million and a variable annual compensation target of EUR 2 million, which may reach a maximum limit of EUR 2.4 million which is 120% of the fixed salary in the event of outperformance in relation to the objectives set. The targets and weightings are displayed on the screen. The Board of Directors evaluated Mr. Hieronimus' performance at a 113% of the target objective, i.e., 113.7% for the financial criteria and 111.9% for the nonfinancial and qualitative criteria. Subject to a favorable vote on this resolution, Mr. Hieronimus will be paid an amount of EUR 2.26 million (inaudible) Mr. Hieronimus. The total fixed and variable compensation of Mr. Hieronimus thus amounts to EUR 4.26 million.

The Board has also decided to grant 20,000 performance shares to the CEO for 2022, i.e., 2.86% of the total number of shares granted under the 2022 plan. Concerning the compensation policies for executive directors, the compensation policy for the Chairman of the Board of Directors, applicable to Mr. Agon for 2023 is unchanged from the previous year. The Chairman of the Board of Directors received a fixed remuneration of EUR 1.6 million to the exclusion of any other element, no variable remuneration, no

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performance shares, no remuneration for his position as Director. This compensation was determined by the Board on the basis of Mr. Agon's experience and the specific responsibilities and tasks entrusted to him by the Board in his capacity as Chairman. The Board has also ensured that this compensation was competitive with a benchmark panel.

You are then asked to approve the compensation policy for the CEO applicable to Nicolas Hieronimus for the year 2023. The Board of Directors has also renewed the compensation policy applicable to the CEO. This remains unchanged. You can see the main principles on the screen. This policy is balanced between short-term and long-term compensation. It consists of a fixed salary, an annual variable salary and the allocation of performance shares. 75% of this compensation is subject to performance criteria. The fixed compensation of Mr. Hieronimus remains fixed at EUR 2 million. The target annual variable compensation remains set at 100% of the fixed compensation and may reach up to 120% in case of outperformance against the set objectives.

The Board has chosen to maintain the same performance criteria and the same balance between financial and nonfinancial criteria. They are displayed on the screen. This criteria are directly linked to L'Oreal's strategy and integrate the sustainable development by 2030 program called L'Oreal for the Future.

Finally, the Board may decide to grant performance shares to the CEO. This grant will range between 50% and 60% of the total annual compensation. Performance conditions would apply to 100% of the shares allocated. I'd like to remind you that 2 nonfinancial performance criteria have been introduced as of 2022. In addition to the financial performance criteria, which are renewed, the fulfillment of commitments related to the L'Oreal for the Future program and the achievement of a parity target in strategic positions.

Provisions applicable in the event of Mr. Hieronimus' departure, which fall under the procedure for related party agreements were approved by the General Meeting of Shareholders in April 2021. The Board of Directors meeting on February 9, 2023, confirmed their relevance in their terms.

Lastly, regarding the compensation policy for directors, the maximum annual remuneration package is EUR 1.6 million, which has been unchanged since 2018. The Board proposes to the meeting to increase this over up to EUR 1.7 million in order to better compensate participation in committees, whose work is increasingly significant. Accordingly, the remuneration of directors would change as follows. Participation in the Audit Committee would increase from EUR 25,000 to EUR 30,000; participation in the Strategy and Sustainable Development Committee from EUR 15,000 to EUR 16,000; the Appointments and Governance Committee and the Human Resources and Compensation Committee from EUR 11,500 to EUR 16,000.

Finally, I would like to thank the members of the Human Resources and Compensation Committee for their active participation and their commitment. Many thanks for your attention.

**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Thank you very much, Sophie Bellon. Now I would like to ask Catherine to present the resolutions that will be submitted to you.

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**Catherine Bellon -**

Concerning the ordinary AGM, the first 3 resolutions concern the financial statements and the proposed dividend. Those elements were presented to you by Christophe Babule at the beginning of the meeting. Resolutions 4 and 5 concerned the renewal of the terms of office of Sophie Bellon and Fabienne Dulac as directors. These reappointments were presented to you by the Chairman as part of his presentation on the governance of the company. Resolution 6 concerns revision of the maximum annual amount allocated to the directors, which was raised from EUR 1.6 million to EUR 1.7 million in order to better compensate them for their term of office.

Resolution 7 to 12 concern the compensation of corporate officers. Sophie Bellon, Chairwoman of the HR and Compensation Committee reported to you in detail a few moments ago.

Resolution 13 concerns the new authorization to be granted to the company to continue if necessary, its policy of buying back its own shares outside the period of public offerings. The authorization will cover a maximum of 10% of the share capital, and the purchase price may not exceed EUR 600 per share. In the 14th to 16th resolution of the extraordinary meeting, the shareholders are asked to delegate to the Board of Directors the authority to decide for a period of 26 months a capital increase by issuing ordinary shares with shareholders (inaudible) is maintained or by incorporation of premiums, reserves or profits and/or to remunerate contributions in kind of equity securities or securities giving access to the capital of third-party companies granted the company.

In Resolutions 17 and 18, the shareholders are asked to delegate to the Board of Directors the authority to decide on a capital increase of up to 1% of the capital reserved for employees who are members of the company's savings plan for a period of 26 months and employees of foreign subsidiaries for a period of 18 months. The aggregate amount of all capital increases that may be carried out may not exceed a maximum of 40% of the existing share capital.

Finally, in Resolutions 19 and 20, the shareholders are asked to approve 2 proposed partial contributions of assets between L'Oreal and two of its over 99% owned subsidiaries, namely L'Oreal France and L'Oreal International Distribution. The main purpose of this project is to align the organization of French activities with the model of the groups of the countries by spinning off operational activities currently carried out within L'Oreal. It will allow the company to focus more on its primary missions as a holding company and as a strategic coordinator. These subsidiaries, L'Oreal France and L'Oreal International Distribution will have greater autonomy with this new organization.

So much Mr. Chair for the draft resolutions.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

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Thank you very much, Catherine. After the presentation of the financial statements and the resolutions, I propose that we now hear Mr. David Dupont-Noel of Deloitte & Associates, who will speak on behalf of the joint auditors. Mr. Dupont-Noel, you have the floor.

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**Unidentified Participant -**

Ladies and gentlemen, Good Morning. On behalf of the joint auditors, and auditors of Deloitte & Associates, I am pleased to report on the performance of our engagement in 2022. We have issued various reports to enable you to exercise your judgment when voting on the resolutions on reports for the ordinary general meeting concerning financial statements and related party agreements and those for the extraordinary general meeting are required by law in connection with proposed capital increases reserved for employees. I will present the main points and conclusions, rather than detailed report.

First, for the ordinary shareholders' meeting, we issued reports on the audit to the parent company financial statements and the group consolidated financial statements as of December 31, 2022. Reports are found on Pages 340 to 343 and 313 to 316 respectively of the universal registration document provided to you as well as on Pages 40 to 49 of your Notice of meeting. These financial statements were approved by the Board of Directors on February 9, 2023.

The purpose of our work is to provide a revision of assurance that the financial statements submitted to you are free of material mis-statement and the accounting method used are appropriate and any risks are sufficiently hedged and that I think laws and regulations in force are complied with. To this end, we have performed our coordinated (inaudible) procedures for our subsidiaries located in more than 30 different countries. Thus work on the financial statements and on internal control processes covered both everyday operations and special events in fiscal 2022, such as changes in the scope of consolidation or other specific transactions.

We also verify the [management] report presented by your Board of Directors and in particular, the accuracy of the accounting and financial information contained therein, the information on compensation and benefits paid to executive officers which you just heard about and the information on corporate governance. We regularly shared our work and our detailed conclusions with your groups at our committee and Board of Directors.

In conclusion, having had the necessary means to complete our engagement, we issued an unqualified opinion on the parent company's financial statements and on the group consolidated financial statements. We also highlighted key audit matters in our reports on the accounts. These matters require special attention because of their nature, relative weight in the financial statements or the significant level of judgment needed to assess the assumptions and estimates used. The key audit matters related to the measurement of investments in the parent company financial statements and intangible assets, including goodwill, in the consolidated financial statements, the recognition of sales, including the estimation of all items to be deducted from sales and the valuation provisions for liabilities and charges and contingent liabilities, particularly with regard to taxation.



Our reports contain a detailed description of these key matters and the corresponding procedures implemented in them. Still in connection with the ordinary shareholders meeting, we have issued another report and related party agreements that is presented on Pages 115 and 116 of the URD and on Pages 15, 51 of the notice of meeting. This report described the agreements that the company has entered into with one of its executive officers to enable you to assess the interest involved in respect to the conclusion without expressing an opinion on their usefulness or appropriateness.

As we were not informed of any new agreement authorizing the (inaudible) report recaps the former agreement with continuing effect relating to the employment contract of your CEO that was previously approved by the shareholders meeting last year. We have issued 2 reports with regard to the resolutions affecting share capital of your company and submitted to the extraordinary general meeting. They can be found on pages 385 and 386 of the URD as well as on Pages 52 and 53 of the convening brochure. Our 2 reports concerned the proposed delegation of authority to Board of Directors to decide an issue of shares and marketable securities reserved for employees and members of the company's savings plan.

Resolution 17. [offer] employees of foreign subsidiaries. Resolution 18, up to a maximum limit of 1% of the share capital for periods of 26 and 18 months respectively. We had no comments to make on any of these reports, being specified that the underlying transactions were performed under the conditions provided for [by fresh law] and you were provided by -- rather provided with all of the information needed to decide whether or not to cancel your preemptive subscription rights.

Ladies and gentlemen, Mr. Chairman, thank you for your attention.

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## QUESTIONS AND ANSWERS

### **Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Before the Q&A, we received some written questions as per -- from the forum for responsible investment, Mr. -- Madam (inaudible) the Board that met on the 20th of April responded -- decided to publish the responses on the website before the AGM so as to have as much time as possible to interact with you. Certain written questions would take up the full-time allowed for discussion if we were to answer them. (Operator Instructions)

So let's begin with questions prior to the meeting as they represented questions that many of you are asking, 5 questions that we will try and answer briefly and succinctly. First question that ties in with what was said earlier. What are the major risks in terms of cybersecurity, a very important matter, of course. And Nicolas?

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### **Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

Yes, I'll answer that question. So once again, on the risks, we see 3 major risks. The leak of sensitive information, personal data. Second, of course, major disruption of some of our sites, activities, industrial activity, in particular, ransomware that might be requested or the risk of default or compromise of a

major partner. So of course, we're constantly seeking to guard against these risks, 4% of our IT spend. We have a head of team of 80 people who prevent -- raise awareness among L'Oreal people. We have mandatory cybersecurity training for 46,000 people who are exposed on their PC to malicious risks. Obviously, the people in the stores, marketing teams. Everyone's trained, also regularly phishing campaigns where we set traps for our teams to see whether they fall into them. It's a way of raising their awareness.

And every year, we hold a Cyber week to train people with certification program. So that's upskill training and our teams are organized to detect and to respond to the event of an attack. In 2022, we had 7,200 security alerts, some things that weren't quite normal that was managed by our response teams. All attacks were contained without a major impact. So that is a very real threat that rallies all the IT staff of L'Oreal. It's a crucially important topic.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Second, recurring topic. This one is for Nicolas. Does L'Oreal count on Africa as a growth driver?

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

Yes, we're counting on Africa, counting on Africa. Today, Africa is very small for L'Oreal, 1% of our sales, growing strongly, 24% growth. We're present, we got 4 subs in Africa, Egypt, Morocco, Kenya, South Africa. And I think something that's very important, a major change is that we have in '21 decided on to set-up a zone devoted to sub-Saharan Africa based in Johannesburg, dedicated team accelerating sharply, 24% of growth rate. We're gaining market share, making strong inroads in sub-Saharan Africa. Remains small, it will take time. I have to say that today, our growth drivers, the most manifested should pertain Southeast Asia, India, set to become the world's most populous country, an additional 200 people in the middle class gaining affluence, encouraging them to seek high quality beauty products.

Indonesia in the same category, but we have other more promising challenges short term. We have to use all our means. We have to be everywhere throughout the planet. That's what we strive to do and of course, high expectations of beauty in Africa, and we'll have everything to meet those.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Third question, that's another recurring question cropped up in the written question. What is L'Oreal's share buyback policy in terms of dividend distribution. I can tell you what we answered our written question. Our share buyback policy, as you've seen, is primarily aimed at offsetting (inaudible) resulting dilution of the issuance of new shares as part of the implementation of employee share ownership programs or performance share, thereby preserve the circulating number of shares at a quite constant level, save strategic transactions, share buybacks.

We do every year or 2 years aim solely at ensuring that for shareholders, that there'd be no dilution of the share price value. It's a good measure, simple hygiene of our accounts. However, in terms of dividend, you've seen that the dividend has grown strongly in the past few years. L'Oreal's policy is to regularly increase the dividend per share. And on Page 23 of the universal registration document, you

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have the amount of dividends paid, which has grown fivefold in 17 years, doubled over the past 4, 5 years, and that we also have the policy of rewarding the loyalty of our dividends with an increased dividend by 10% for those registered shareholders who held their shares more than 2 years. I urge all shareholders present to follow this practice that's very positive. So share buybacks at L'Oreal has no other aim than to maintain the number of permanent shares over time.

Next question. One of the investments and group prospects in the Metaverse. Well, the leading Metaverse specialist is Nicolas. Over to you Nicolas.

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

I don't know if I'm the Metaverse specialist. I mean, there are as many as universes or video universes in which the young and not so young spend a lot of their time. So we decided to explore the Metaverse, we're investing in offices. We've got (inaudible) heads up a 30-person team, guides our teams, brands and exploring this new playing field that we're exploring prudently with brands such as Saint Laurent, (inaudible) with tokens, all the activations to engage consumers on these sites. We signed a partnership with Meta and Station F to develop creative ideas because the Metaverse today isn't really a business, but it's great opportunity for creativity, great opportunity to meet with consumers.

For those of you who don't know, the video game is EUR 170 billion bigger than the cinema industry. It's a meeting place where creativity is leveraged. We test and learn proceeding cautiously. We plan to continue to sell physical products to physical consumers. That's what contributes L'Oreal's success. Maybe we can have a metaverse presentation 1 day on AGM. It will be fully in the Metaverse in the not-too-distant future. But we're nevertheless happy to meet one another physically.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Another question, of course, topical, what the policy for employing seniors and retirement? Well, it was clear and in fact, this table, we value the experience. 18% of L'Oreal have over 10 years. We have more than 4 years. Well, I'm a senior according to the legal definition. So everything is fine. But we really enhance that. To give you the figures in France, while France, the over 50 is 30% of our employee, the over 55 is even 20%, but over and above the numbers and investors -- investment, we believe, in this investment with Jean Claude Le Grand, the Head of HR. We've launched L'Oreal for all generations, bringing us to support and train employees throughout their career because in this rapidly changing world, we most know new technologies to upscale in ['22] 85% of our people over 50 underwent training, so we are supportive of, in addition to employing them in their development prior to that. And as to the pension reform, I'll pass on (inaudible) seems wise.

Let's move to questions from the hall, starting with questions from the shareholders advisory committee, individual shareholders. I believe they're over there. Over to you.

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**Unidentified Shareholder -**

Thank you, Chairman. Good morning. My name is (inaudible) member of the individual shareholders committee, and I have 4 questions for you. 2 more than the quota set but since you're speaking on

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behalf of an extensive group, we will authorize you to ask those questions. So first question, what is the salary policy linked with inflation? Maybe taking one by one is probably easier.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Salary, policy, Nicolas?

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

Inflation related. What's clear, L'Oreal, we talk about, of course, sharing growth, sharing value. L'Oreal is a company whose value are those of protecting and supporting its employees throughout the world against the current inflationary backdrop. We take a number of steps and measures, firstly, to anticipate by 6 months annual negotiations 2022. We brought them forward to September. We decided to supplement the individual, collective gesture by purchasing power premium bonuses, EUR 1,000, early '23. And although we take overall increase in remuneration profit-sharing bonus, 6.3% on average versus inflation of 5.3%. So we see we have increased people over and above inflation and couple of minimum wage after 1 year is EUR 2,000 growth.

And of course, profit-sharing bonus. In '22, we paid out EUR 237 million profit sharing that's EUR 9,700 per employee between 2 and 6 months' pay depending on the top-up and the individual wage. It's a very protective scheme in France and abroad, depending on local regulations. We take steps to protect our people who enjoy the world-wide profit-sharing scheme, allowing them to reap the benefits of L'Oreal's growth throughout the world. That's the answer to that first question.

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**Unidentified Shareholder -**

Okay. Second question, what's the turnover of L'Oreal employees? What are the recruitment difficulties that you're facing?

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Well, we -- we've heard about the big silent resignation, not really affecting us that much. L'Oreal's turnover in '22 was 12.4% down versus '21 or 14%. It's a global number, highly competitive, as you had in my presentation. We received 1.3 million applications, 7% of L'Oreal remains hugely attractive. We were recognized this year as the fifth best place to work globally, the business, students by the universal price were the leading French European company in that setting. So very attractive company and high engagement level by our people, 80% that's above the standard. It's the strength of L'Oreal. If people ask me, "What is the secret of L'Oreal's success?" its teams and its very strong corporate culture with value, solidarity, engagement, passion. So we supplement that, of course, through long-term retention schemes, free share awards, but every employee contributes must be support. That's what we do.

If I was to pinpoint one area with recruitment difficulties because everyone is looking for different profiles is in the technology sector, which is ramping up every company across the world is looking for the same profile, but we manage particularly since the major technology companies are making a lot of their people redundant. So obviously, we have a lot of applicants from that technology world.

Any other questions?

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**Unidentified Shareholder -**

There's a third question regarding corruption. How does L'Oreal work in countries where corruption is rampaged?

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Good question. Nicolas?

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

The answer is simple. We have a 0 tolerance policy regarding corruption, even if this means losing business. The rules we comply with. We have a policy as part of our charter of ethics. Every worker gets a copy, but of course, it's not enough to just give a copy of the ethics charter, so we provide training on fighting corruption, particularly in countries that are sensitive.

(inaudible) 85% achievement rate -- completion rates, when it comes to those training programs and of course, we do risk mapping. We pay close attention to those countries that are -- where corruption may be a problem. We assess our partners and all of the measures that are being taken. So we are working hard to prevent all corruption risks. And this culminates in -- our -- the recognition of L'Oreal by a number of classifications.

At this year, for example, for the third year in a row, we have been recognized. We are in the top 1% of the best rated companies by Ecovadis. So our policies mean that we avoid problems, and we all recognize the hard work we're doing. In addition, we don't operate in a world where corruption is a big, big problem. And fortunately, corruption is most severe and more frequent in other areas of the economy. But it is true that 15 years ago already, we implemented an ethics charger and our chief ethics officer is sitting right here in the second row. So we are extremely stringent. As always, corruption may not be a big problem for L'Oreal, but that doesn't mean we don't want to set an example on that front, hence our many awards and recognitions.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Question number 4?

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**Unidentified Shareholder -**

What is L'Oreal's situation in Russia and in Ukraine?

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Well, L'Oreal situation in those 2 countries is in line with what I indicated last year. We unequivocally condemn Russia's aggression of Ukrainian territory. And our priority over the past year has been to provide unwavering support to our Ukrainian workers and their families. We provide support, psychological support, financial assistance. We provide a combination to over 500 workers from our Ukrainian subsidiary enabling countries. We provide temporary job opportunities for our Ukrainian

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friends in other countries. The head of our Ukrainian affairs is based out of Paris.

In parallel, we have set up a solidarity plan for the Ukrainian population in collaboration with many local NGOs as well as UN agencies. For example, (inaudible) we provide assistance 1.74 million people, including raw materials, commodities, basic necessities. Also supporting 380,000 Ukrainians that have fled to neighboring countries. So that has been our absolute priority.

With regard to Russia, as we said before, not only do we comply with sanctions, but we went over and beyond. Those EU or U.S. sections, we temporarily closed all our wholly owned stores in those countries. We've supported our [E&P] policy. And also we stopped marketing most of our brands. We stopped to 24 brands. That's about 30% of our portfolio. We limit our marketing efforts to essential products. And we continue to support and pay the salaries of our own Russian employees because we owe protection to all of our employees across the world. That is the situation in Russia and Ukraine right now. And needless to say, we all hope the conflict will end very soon.

Any other questions from the advisory committee? No. Okay. Very well. I suggest we take some questions from the -- let's look at a few more cards. There is a traditional question, it's important though, is L'Oreal contemplating -- distributing bonus shares like early (inaudible) I'm no longer director there, by the way, but I fully remember early (inaudible) policy. In that regard, so the answer is no. As we explained many times, distribution of bonus shares actually dilutes the share capital, if you create 10% bonus shares by definition, then 10% more shares in the capital, which reduces the share value by 10% mathematically.

So on the contrary, we want to be accretive, not dilutive. And I want to say that a couple of minutes ago, the share price reached a regular level, 434, actually 65. 65, wow, thank you all, I don't know. Did you place orders from this room, did you buy shares and therefore, driving the share price up, congratulations in any case. We prefer that our share price go up rather than distributing the shares, which will mechanically have a dilutive impact.

Second question, which kind of ties in with question number one. L'Oreal share price closed at 428, now 433. I don't think this share price is an obstacle to young investors. Well, no, no, I don't think so. I think a lot of people can dig up and find 434 shares to buy, rather EUR 434 to buy L'Oreal share. I know it's eventually stop, but it's better to buy one share at that price, and it's going to go up rather than buy several cheaper shares that are going to go down, or will stagnate, right, do the math. It makes sense. But of course, (inaudible).

There was another question, another relevant question. This is interesting because all of those questions seem to dovetail together. 4 or 5 years ago, a resolution was removed regarding the nominal division. And this -- we will wonder that this may actually hurt a number of investors. I said that I would think about it, but it's taken a while. Well, it's taken a while because we don't feel like doing it for the same reason, pretty much. The way that things have shifted for 4, 5 years shows that premium stocks, high-quality shares are extremely attractive.

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Look at the French Stock Exchange. There's no cause and effect relationship, but very often, it is the most expensive stocks that have increased the most, which means that at this juncture, we do not feel like donut.

There was another question. The shareholders club unless I'm mistaken, there's no shareholder club, are you contemplating creating one. This question crops up quite often. At this stage, no, we feel that we're very busy already. We engage in a lot of activities. And whoever asked that question, please reach out to (inaudible). He is in charge of Investor Relations and he will show you all of the important activities that we are involved in, in terms of our relations with shareholders, trade fairs. The Advisory Committee of shareholders -- yes, feel free to join that committee, that advisory committee of shareholders. I think we're doing a lot already for everyone. And I think it's important to behave democratically. We want to work as much as we can for everyone instead of focusing on a handful of shareholders. So let's focus on everyone and allow everyone to benefit.

And there was a question -- this one goes to Nicolas. When does you take on L'Oreal situation in an increasingly complex world? Good question. I wonder about that every single morning while I shave. Well, what is your take on that?

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

It is true that the world is much more complex, much more fragmented, fraught with uncertainty, growing uncertainty. I think I said that in my presentation. And I believe that L'Oreal's model is probably one of the most suitable for that world because we have an excellent balance between solidity, robustness and agility. We have a multipolar model.

What does that mean? We have a strategy that -- we have a centralized strategy, but a decentralized implementation. And we have country managers that are extremely independent. Industrially, they have their own factories. They often have their own labs, they're able to adjust to local changes. It's unique. This means that we are able to seize opportunities wherever they rise and fast track our efforts, if a market is more buoyant or slowed down, if things shift. You heard the financial presentation by Christophe, we have an excellent balance in terms of performance.

In terms of our geographic footprint, between all 4 geographic regions throughout the world. There's a different contribution from all to our general growth. So we have our robustness, our financial robustness. We have a long-term vision, and we are agile. We also have an entrepreneurial spirit, the governor teams, which means that we respond to anything that happens. Yes, it's acrobatic work, but it's fascinating and when we're able to deliver the results that we presented today, we show that L'Oreal is a company that is particularly suited to this world.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Thank you, Nicolas. There was another question that I think is very interesting. Is it really possible today to continue to reconcile strong growth and reduce environmental footprint while remaining within the

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confines of our [planet] Limits? Interesting question, that's exactly what our strategy is. We want to decode growth and our environmental footprint. You're absolutely right. It's difficult. It's complicated, all hands on deck, everybody needs to pitch in. You heard Alexandra Palt's presentation. This requires that we transform the business model at every level.

In house in particular, we have shown that we are able to decorrelate our CO2 emissions from our growth. If we compare ourselves with 2005 our CO2 emissions at group level have dropped by 91% during the period, while our volumes increased by 45%. So 60 of our factories are carbon neutral. They use 0 emissions energy. And of course, we cannot limit ourselves to our own ecosystem. We also need to involve our entire value chain, particularly inbound. And the good news is that all of our contractors have to operate their own transformation, embrace sustainable development and achieve carbon neutrality.

And also the downstream, the outbound segment, we cater to our consumers and launch products with a lower carbon footprint. 95% of our products launched in 2022 had an improved carbon footprint. We also try to improve the consumer patterns of our clients. We encourage refills for fragrances, turn off the shower, don't run the water while you're lathering, save, conserve water, use rinse-free product as possible, but of course, it takes a lot of work from everyone. And that's what we're doing at L'Oreal. It's a very good question. That's exactly our target. We want to maintain our craft. I'm sure you want that for us. You want a company that will continue to grow and whose share price will continue to increase, while at the same time, reduce its environmental footprint by reduce -- by reducing its carbon emission.

Mr. (inaudible) , I recognize you, Mr. (inaudible) there's another question just near to you.

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**Unidentified Shareholder -**

Chair. My name is Mr. (inaudible) representing the [APAI]. 2 Observations and 3 questions, very quickly. Observation number one, putting beauty in our wallets by buying L'Oreal shares, excellent initiatives, if we do a bit of research and we'd like to -- happy week -- anniversary weekend (inaudible).

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

You do know great many things. Well, Barbara, well done. Didn't know that our shareholders knew you, well you date of birth was...

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**Unidentified Shareholder -**

(inaudible) what are the results of your recent acquisitions? Are you going to favor internal or external growth?

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Nicolas will answer that.

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**Nicolas Hieronimus L'Oréal S.A. - CEO & Director**

So I'll start with the last point on internal and external growth. It's always interesting to recall that amongst the 36 international brands, only 3 were created by L'Oreal Professional and Kerastase, all the

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others were acquisitions over the year with the same strategy generally to buy a brand as it's starting out and enjoying its initial success and to roll it out globally, that's what we did with Takami, with people skin better science that you can bring it to this level of billionaire brands in euros. We have 11 today and one of the next world without doubt. one of the most recent was CeraVe since you asked the question, how acquisitions are faring, I'll take that one.

It's true that it's the best, but it's quite impressive because we've increased its sales tenfold over 5 years. It's topped the EUR 1 billion mark. You see the earnings of Dermatological Beauty presented for Q1 '23, that this great performance is going from strength to strength or acquisitions growing, but then we generate the growth. We want them all to grow in that.

What contributes to L'Oreal. Beauty is very diverse to have a wide portfolio as our ability to serve each and every one of you.

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**Unidentified Shareholder -**

Second question, L'Oreal and its strategy, the skincare trends and their impact.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Well, so you're very -- [skip care,] sorry, skip care is a trend that involves simplifying your skin care routine and (inaudible) products to use few products basically. So it's true there are always trends worldwide. It's great in beauty. That's why that we must on the lookout for trends. There are new trends emerging everywhere. It's like the new makeup or some lot of products or very colored makeup, skip care, it's really just a very minor trend, very -- if we take the skin care market, we're seeing an increase in the number of products used, routines that are becoming more and more sophisticated because we live in a world where UVs are increasingly present and many consumers, including the Western world add to this usual skin range, daily UV protection creams that I invite you all to do. And so there's an increase, and that's apparent in market growth. It's growing strong single digit.

No worries about skip care where you -- we've got teams on the lookout for that to respond.

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**Unidentified Shareholder -**

Final question. You've given us some information, but how do you plan to distribute the value added over the long term? Value-added, well it's crucially important for us. And it's a distribution is important information in terms of the group strategy. So what we call the added value or value add is the March equal to sales, minor contribution of goods and services supplied to third parties and the question how is this value-added distributed. And generally, we distinguished 4 categories of beneficiaries.

Firstly, the employees through all measures in favor of employees, be it salaries, bonuses, free shares everything that goes to employees. Secondly, importantly, is the state and states taxes that go to states throughout the world. Thirdly, of course, crucially important the shareholders, return to shareholders. And fourthly, what goes back to the company to -- with shareholders' equity and to drive its growth.

**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Important question. Thank you for answering -- asking it, not everyone has this, but for 2022, we calculated employees received about 36% of the group's value added. That's the first item. The second item. What comes back to L'Oreal in terms of equity to fund its expansion, its development. That's very significant, about 23%. The state also represents a significant portion, taxes, et cetera, it's about 22% and shareholders between 19% and 20%.

So you see Nicolas spoke a lot about balance in terms of all L'Oreal's activities. The same goes in the distribution of the value added across those 4 items. And there's no major reason for that split to change going forward. It's a balanced split. And I think it's quite fair.

I'll move over to this side of the hole for the next question, please.

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**Unidentified Shareholder -**

It's not customary during the Q&A session and GM to speak to referred to the memory of a small shareholder who has had 3 questions to us, the small shareholder [Jose] is no longer...

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Oh, I'm really sorry, I didn't know that he...

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**Unidentified Shareholder -**

He passed away 2 months ago after a devastating stroke and he died 40 hours later, if (inaudible) his memory today before you. He cherished, particularly L'Oreal and he used to re-account to me with pride the numerous written or oral exchanges that he had with successive Chairman from (inaudible) Jean-Paul Agon, including (inaudible), even planned to move closer to the company and to apply Advisory Committee of L'Oreal shareholders, but his speech disability prevented him from applying Jose, exchange letters with most of the CAC 40 Chairman during the health crisis where he criticized AGM that were being held remotely and that he referred to as phantom AGMs. Every time he received a written answer, but serious and amused from the Chairman.

The next question. What we miss in Jose is his sometimes caustic humor, his elocution, his sound knowledge of companies in the luxury sector, including L'Oreal and his lively presence at the AGM. His 3 small questions were already -- always keenly...

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

(inaudible), you miss this? We missed you, rather. Thank you. Please convey our deepest condolences to his family, where I used to call him Mr. (inaudible), but maybe I was mistaken or right, I always known him in the AGMs. Been at these AGMs for 15 years. He always had a subtle intelligent humorous questions, he who asked you -- really put you on the spot, on (inaudible). He really did prepare his questions. But that one quarter's (inaudible). Perhaps you could send us his family's contact details that we can send them a note.

A question from over there at the back of the hall, I think we're going to have to stop.

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**Unidentified Shareholder -**

I'm an individual shareholder. I was impressed by the series of presentations, well done. Could you next year give more information about everything you're doing in terms of the environment and biodiversity? The other point, very often in this, we speak of the 2030 time frame. Don't you think that L'Oreal given everything, we're seeing that we need to accelerate, and it's becoming a foremost urgent priority?

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Well, on the substance, you're absolutely right. We need to go faster and do concrete things. Speaking on behalf of Alexandra here because, in fact, we have set in hand with Alexandra 15 years ago, our sustainable development initiatives. So the CAC 40, one of the first companies to implement its very ambitious plan with commitments that assure you may have sent this in the way she spoke. She's extremely hands on factual approach, no waffle but really is action focused and she leads the way to concrete tangible action and the results that we're presenting for what we did in 2022, a very tangible evidence of action. But each and every year now will be led to presenting to you everything we're doing in terms of sustainability, climate strategy.

You've seen today the climate strategy was presented to you extensively and that's as it should be, not doing because the next expectation, but it forms part of our conviction, we'll try and be as practical and concrete as possible. I can assure you that we sense the urgency and one of the companies that's moving the fastest, but you're right to recall that.

One last question right at the back, if there's one.

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**Unidentified Shareholder -**

Chairman, hello. Shareholder, Page 84. I hold 300 shares currently. But I have a problem, it goes for many years now. We're trying to get reimbursed the -- some of your shares and BNP Paribas prompted where we had 3 meetings with them and each and every time, they didn't want to receive us. And in fact, when someone came down to see us 5 minutes later, the person left us alone in the lobby at (inaudible), could you offer a solution? I went to (inaudible) head office and I wasn't able to enter because you need to have a convening notice.

---

**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Well, no, you don't need an invitation because the banks and others, well, people who die, what I think the shares just remain in their pocket. Well, there are people, others who are facing the same problem. The company really needs to sort that out. It's not normal. Sorry about that mishap. I tell you what we are giving you a personalized interview with Ms. (inaudible) in the next few 15 minutes. She's in charge of Investor Relations, and she will take special care of you, and I'm sure she will search you out. (inaudible) .

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**Unidentified Shareholder -**

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Wonderful. Thank you so much.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

It is now 12:25. I'm sorry, there's no way we can answer every single question. I think it's time to vote on the resolutions. Ms. [Catherine Bellon] is going to give us the final quorum and practical explanations on how to vote.

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**Catherine Bellon -**

Mr. Chairman, I'll give you the final quorum. The final attendance sheet shows 442 million approximately shares. 82.67% of all the shares comprising the company's capital and having voting rights. 1,511 shareholders who present at the meeting, 227 shareholders are represented and (inaudible) figures, 8,207 shareholders gave their proxies to the President in about 11,000 shareholders (inaudible) . As a reminder, ordinary resolutions are approved by simple majority, and extraordinary resolutions are approved by 2/3 majority.

(inaudible) simply use the 3 keys on the voting device. (Operator Instructions) For the record, extension is not considered as a vote cast. (inaudible), then we will indicate that the vote is closed. The final numerical results will be displayed at the end of the vote on each resolution. At the end of the meeting, the complete results will be displayed on the screens that will also be available on the loreal-finance.com. website as of this afternoon.

Resolution 1, approval of the financial statements for the year ended December 31, 2022. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up. Resolution carried by 99.94% of the -- resolution 2, approval of the consolidated financial statements for the year 2022. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

(inaudible)

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**Catherine Bellon -**

Resolution carried by 99.98% of the votes. Resolution 3, appropriation of profit for the year 2022 and the determination of the dividend. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up. Resolution 3 carried by 99.97% of the votes. Resolution 4, the renewal of the term of office of Sophie Bellon. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up. Resolution 4 carried by 93.52% of the votes. Congratulations. Resolution 5, the renewal of the term of office of Fabienne Dulac. Please vote.

(Voting)

---

**Catherine Bellon -**

Time is up. Resolution 5 carried by 87.87% of the votes. Congratulations.

Resolution 6, determination of the maximum total annual amount allocated to the directors as remuneration for their mandate. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up. Resolution 6 carried by 99.65% of the votes.

Resolution 7, the approval of the information relating to the compensation of each corporate officer required by Article L. 22-10-9, I of the French Commercial Code. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up. Resolution carried by 84.96% of the votes. The Resolution 8, approval of the fixed and variable components of the total compensation and benefits of any kind paid in fiscal 2022, all granted in respect of that year to Jean-Paul Agon in his capacity as Chairman of the Board of Directors. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 8 carried by 94.13% of the vote.

**Catherine Bellon -**

Resolution 9, approval of the fixed and variable components of the total compensation and benefits of any kind paid in fiscal 2022, all granted in respect to that year to Nicolas Hieronimus in his capacity as CEO. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 9 approved by 97.21% of the votes.

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**Catherine Bellon -**

Resolution 10, approval of the Director's compensation policy. Please be vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 10 carried 99.67% of the votes.

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**Catherine Bellon -**

Resolution 11, approval of the compensation policy for the Chairman of the Board of Directors. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 11 carried by 96.15% of the votes.

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**Catherine Bellon -**

Resolution 12, approval of the compensation policy for the CEO. Please vote.

(Voting)

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**Catherine Bellon -**

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Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 12 carried by 93.18% of the votes.

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**Catherine Bellon -**

Resolution 13, authorization for the company to buy back some shares. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 13 carried by 99.17% of the votes.

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**Catherine Bellon -**

Resolution 14, delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares with retention of shareholders of preemptive subscription rights. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 14 carried by 96.49% of the votes.

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**Catherine Bellon -**

Resolution 15, delegation of authority granted to the Board of Directors to increase the share capital by incorporation of premiums, reserves, profits or other. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 15 carried by 99.96% of the votes.

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**Catherine Bellon -**

Resolution 16, delegation of authority granted to the Board of Directors to increase the share capital to

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remunerate contributions in kind (inaudible) securities or securities giving access to the capital of third parties granted to the company. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 16 carried 99.54% of the votes.

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**Catherine Bellon -**

Resolution 17, delegation of authority granted to the Board of Directors to allow the completion of a capital increase reserved for employees with cancellation of the shareholders of preferential subscription rights. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 17 carried by 98.96% of the votes.

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**Catherine Bellon -**

Resolution 18, delegation of authority granted to the Board of Directors to allow the completion of a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries with that preferential subscription rights as part of an employee shareholding operation. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 18 carried 98.96% of the votes.

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**Catherine Bellon -**

Resolution 19, approval of the proposed partial contribution of assets is subject to the regime for spin-offs by the company to its subsidiary, L'Oreal France, of the complete and autonomous French market business and (inaudible) activities as well as all the shares comprising the capital of luxury of retail. Please vote.

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(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 19 carried 99.99% of the votes.

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**Catherine Bellon -**

Resolution 20, approval of the proposed partial contribution of assets subject to the regime for spin-offs by the company to subsidiary L'Oreal International Distribution of the Complete and Autonomous business, L'Oreal International Distribution. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 20 carried also by 99.99% of the votes.

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**Catherine Bellon -**

Lastly, Resolution 21, powers for formalities. Please vote.

(Voting)

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**Catherine Bellon -**

Time is up.

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**Jean-Paul Agon L'Oréal S.A. - Chairman of the Board**

Resolution 21 adopted by 99.99% of the votes. Thank you.

The resolution submitted to vote have all been adopted. Many Thanks.

I would also like to thank you once again for your presence and your loyalty. We hope that the information provided today is helpful in understanding the tremendous prospects that are opening up for your company in the years to come and look forward to seeing you again right here next year for your next AGM on Tuesday, April 23, 2024 at 10 a.m.

Thank you.

[Statements in English on this transcript were spoken by an interpreter present on the live call.]

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