

4 – Sustainability Report

AFR CSRD

4.1 Introduction	188	4.8 Privacy and personal data protection (S1/S4)	247
4.1.1 Corporate governance: the cornerstone of the Group's transformation	191	4.8.1 Background	247
4.1.2 The L'Oréal for the Future sustainability programme	194	4.8.2 Personal data protection policy	248
4.1.3 Double materiality assessment: mapping impacts, risks and opportunities	195	4.8.3 Action plans in place	250
4.2 Climate: Mitigation and Adaptation (E1)	202	4.9 Human rights in the value chain and affected communities (S2/S3)	250
4.2.1 Background	202	4.9.1 Background	250
4.2.2 Governance engaged at every level of the organisation	204	4.9.2 Human rights policies	252
4.2.3 Climate transition plan	205	4.9.3 Action plans in place	253
4.2.4 Climate adaptation plan	208	4.10 Product safety (S4)	254
4.2.5 Climate outcomes	209	4.10.1 Background	254
4.3 Pollution: operations and value chain (E2)	218	4.10.2 Quality and safety policy	254
4.3.1 Background	218	4.10.3 Action plan in place	255
4.3.2 Pollution-related policies	219	4.11 Transparent labelling and shift towards responsible consumption (S4)	255
4.3.3 Action plans in place	221	4.11.1 Background	255
4.3.4 Pollution-related outcomes	223	4.11.2 Policies to help consumers make sustainable choices	256
4.4 Water resources: consumption and withdrawals (E3)	223	4.11.3 Action plans in place	257
4.4.1 Background	223	4.12 Responsible beauty marketing and advertising (S4)	258
4.4.2 Water policies	224	4.12.1 Background	258
4.4.3 Action plans in place	226	4.12.2 A marketing policy that puts responsibility first	259
4.4.4 Outcomes related to water resources	229	4.12.3 Action plans in place	259
4.5 Biodiversity and ecosystems (E4)	229	4.13 Responsible leadership and ethical practices (G1)	260
4.5.1 Background	229	4.13.1 Background	260
4.5.2 Biodiversity policies	230	4.13.2 Responsible business conduct policies	260
4.5.3 Action plans in place	231	4.13.3 Action plans in place	261
4.6 Resource use and circular economy: formulas and packaging (E5)	233	4.13.4 Outcomes related to payment practices (G1-6)	261
4.6.1 Background	233	4.14 Methodological notes	262
4.6.2 Circular economy policies	234	4.15 CSDR Annexes	270
4.6.3 Action plans in place	234	4.16 Issuance of a sustainability-linked bond	279
4.6.4 Resource use and circular economy-related outcomes	236	4.17 Glossary of acronyms and initialisms used in the Sustainability Report	279
4.7 Own workforce (S1)	237	4.18 Statutory Auditors' report	281
4.7.1 Background	237		
4.7.2 Information on working conditions	240		
4.7.3 Information on employee well-being and retention	242		
4.7.4 Information on equal treatment and opportunities	243		
4.7.5 Outcomes	245		

4.1 Introduction

Read the sustainability report: your guide for understanding L'Oréal's approach under the CSRD framework

This sustainability report presents L'Oréal's main environmental, social and governance (ESG) impacts, risks and opportunities, as well as its main sustainable development commitments. It forms part of an approach based on transparency towards our stakeholders, including investors, consumers, employees⁽¹⁾, suppliers, customers (distributors) and civil society. This report has been drawn up in accordance with the new Corporate Sustainability Reporting Directive (CSRD), which is aimed at standardising and improving the quality of sustainability reporting published by European companies. The reporting scope is based on that of the financial statements, with certain exceptions and estimates (based on the information available at the date of the report). These exceptions and estimates, together with the related uncertainties and limitations, are described in section 4.14.

The essentiality of beauty

Beauty is a universal aspiration that transcends time, borders and cultures. More than just desire, beauty fulfils a deep-seated desire rooted in our lives and in society. Our contact with beauty starts with our first breath and ends with our last. Every important moment of our lives – first lipstick, marriage, celebrations – involves beauty rituals that act as a social bond, feeling at one with ourselves and connecting us to others.

Beyond appearances, beauty is closely linked to health and well-being. In a world where almost two billion people suffer from skin problems, the beauty industry plays a crucial role in prevention and treatment, thereby having a positive effect on physical and mental health. Feeling beautiful boosts self-confidence and facilitates social bonding, giving expression to individual identity in an increasingly connected world. In today's digital age, "social beauty" is re-inventing our interaction with each other, facilitated by social networks and e-commerce, widening access to products. L'Oréal is a pure player in this rapidly changing market, in which innovation and creativity are driving change.

Innovation for excellence

Innovation is central to the L'Oréal model. With over €1,354 billion invested in Research & Innovation and 4,200 researchers, L'Oréal turns scientific discoveries into concrete solutions, keeping one step ahead of the needs of a global market in continual flux. L'Oréal's strategy is built on the two complementary pillars of universalisation and singularisation. L'Oréal's unique multi-polar model allows us to respond to the aspirations of all consumers while respecting local cultural diversity. The interplay in L'Oréal's model between the global and the individual is driving balanced, multi-polar growth across all Zones and Divisions that is proving resilient on a global scale.

L'Oréal's dual goal

Because in the future there will be no economic growth without sustainability, L'Oréal has set itself a clear ambition to combine economic excellence with social and environmental performance. Convincing that economic excellence cannot be achieved without strong environmental and social responsibility, L'Oréal seeks to combine growth and sustainability.

Prioritising people

Driven by its humanist values, L'Oréal has always placed the individual at the heart of its strategy. The Group's human and social project is based on two key priorities: the development of each employee through ongoing training and career opportunities, and a unique social model, embodied by the Share & Care programme, launched in 2013 and based on competitive social performance and sharing the benefits of growth.

For more than 20 years, L'Oréal has been committed to building a sustainable, equitable, inclusive and diverse organisation. These initiatives showcase the Group's determination to create a working environment that is conducive to personal fulfilment. This ambition extends beyond L'Oréal, with the Group committed to respecting human rights along its entire value chain.

(1) Employees as defined by the CSRD are people who are in an employment relationship with the Company.

L'Oréal's strategy in a nutshell

STRATEGY⁽¹⁾

FINANCIAL PERFORMANCE FOR THE BENEFIT OF ALL STAKEHOLDERS
SUSTAINABILITY PERFORMANCE; ECONOMIC AND **SOCIAL** EXCELLENCE.
A CLEAR VISION: BEAUTY FOR EACH **AND FOR ALL.**



Our fundamentals

- **Focusing** on a single business: beauty, nothing but beauty and all beauty.
- **Innovating** in response to the relentless quest for superior quality and safety for consumers.
- **Marketing brands**, products, services and customer experiences: in an increasingly fragmented and digitalised market.
- **Combining universalisation and singularisation** within a unique development strategy: going global while respecting local differences to secure the loyalty of some 1.3 billion consumers.



Our transformation

- **Transformation towards a more sustainable operating model** that aims to stay broadly within the planetary boundaries defined by science.
- **Digital transformation** and Beauty Tech, to lead the way and become a data augmented company supported by secure state-of-the-art IT.



Our strengths

- **Solidly rooted**, with an ownership structure that provides stability, continuity and visibility over the long term.
- **A two-tier governance structure** to ensure the Group's success in the years ahead.
- **A clear vision**: creating the beauty that moves the world.
- **The power of L'Oréal's Research** and Operations in meeting demand for innovation, safety, transparency and responsibility.
- **A fleet of diverse global brands** that is continuously enhanced by strategic and complementary acquisitions.

Using balanced, multi-polar growth across all Zones and Divisions to seize opportunities and absorb economic shocks.

Pursuing the dual goal of economic and corporate excellence to create value for all.

Aiming for consistent, sustainable economic and financial performance.

Helping show the way on environmental and social matters and making a positive contribution to society in the face of ever more pressing challenges.

Transformation of work, reinventing the future of work while strengthening the L'Oréal culture as it engages in the global battle for talent.

Transformation of Operations towards greater agility and a more responsible model that serves the omnichannel strategy.

An investment strategy that is resolutely focused on innovation.

Comprehensive and balanced market coverage.

Prioritising people and social harmony.

An agile and responsive multi-polar organisation.

Humanist, ethical and social principles and values at the heart of the Group's governance and commitments.

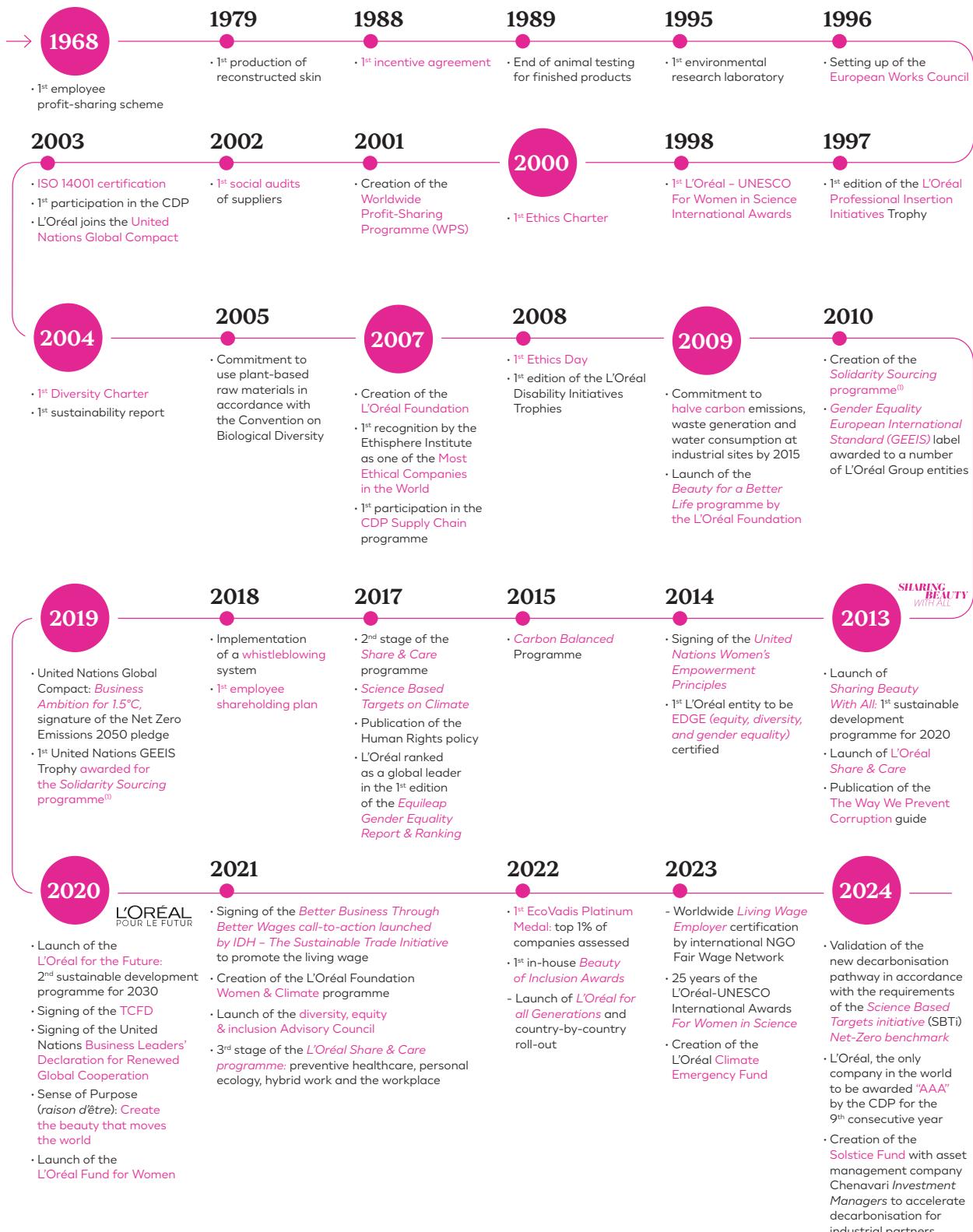
A well-balanced, value-driven business model, coupled with a solid and healthy financial position.

(1) L'Oréal's strategy is based on its business model (see section 1.3.1) and is rolled out across the entire value chain (see section 1.3.2).

4 – Sustainability Report

Introduction

L'Oréal's commitments are based on a long-term vision:



(1) Inclusive Purchasing Programme, previously known as "Solidarity Sourcing".

4.1.1 Corporate governance: the cornerstone of the Group's transformation

The Group has developed a robust governance structure to support its sustainability approach.

Composition and diversity of the administrative, management and supervisory bodies (GOV-1 21)

	2024 outcomes
Number of non-executive members	15
Number of executive members	1
Number of employee representatives	2
% women*	43%
% men*	57%
% independent Board members*	50%

* Calculated excluding Directors representing the employees, in accordance with article 20 of the AFEP-MEDEF Code and the French Commercial Code.

Supervision by the Board of Directors

L'Oréal's Board of Directors has structured its organisation to deal with sustainability issues effectively, in particular through its specialised Board Committees. It has incorporated environmental, social and governance (ESG) skills into its diversity policy, and in 2024, has 13 members with experience in this area. The Board has identified three priority topics: the role of the ESG strategy within an international group, governance and business ethics, and the Group's role in society, including corporate philanthropy (see section 2.2.1.2).

The Board is supported by directors with a strategic overview and whose specialist expertise is reinforced by targeted training in areas such as artificial intelligence ethics and responsible marketing. These skills are regularly enriched by in-depth presentations at meetings of the Board and its committees (see section 2.3.4). Each year, the Board reviews its members' skills matrix as part of its self-assessment procedure (see section 2.3.5), taking into account sustainability issues and the diversity policy.

The Board of Directors ensures that it listens carefully to L'Oréal's stakeholders, while maintaining the vision and objectivity necessary to act in the long-term interest. It is regularly informed of the expectations of investors as expressed in roadshows following Group results publications, of the main non-financial rating agencies, and of its employees, notably through the Human Resources and Remuneration Committee and presentations by the Chief Human Relations Officer. It also receives information on expectations in the sphere of diversity, equity and inclusion, notably through the report of the Advisory Board for these issues, and in terms of sustainability, in particular through the report on the activities of the Chief Corporate Responsibility Officer.

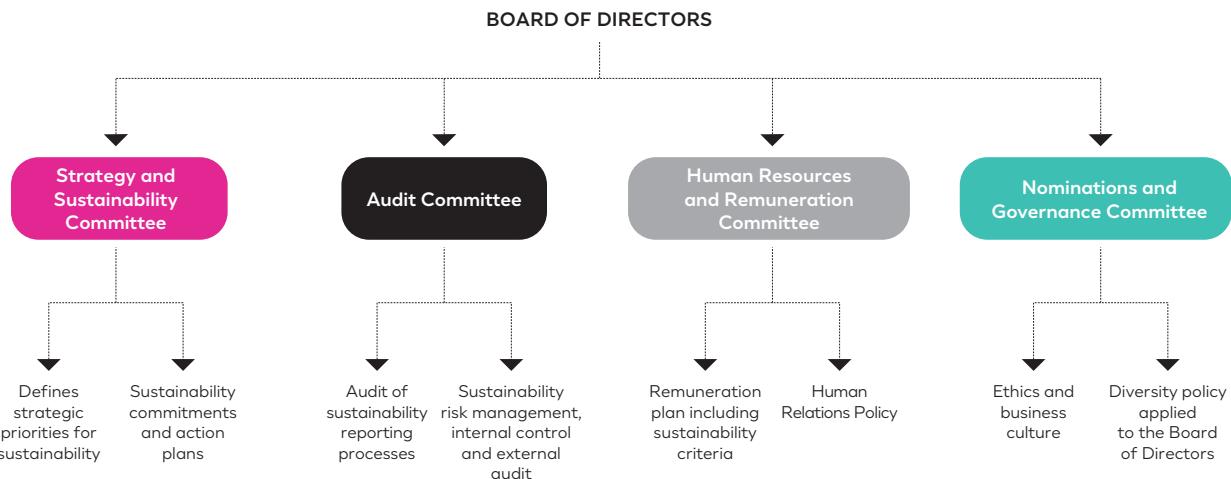
The Board is organised in such a way as to examine its areas of responsibility in depth, drawing on the recommendations of the following specialised Board Committees:

- The **Strategy and Sustainability Committee** reviews the Group's strategic orientations, particularly in light of sustainability. It monitors the strategy with the aim of strengthening the organisation's resilience and value chain, as well as progress made on commitments such as decarbonisation and the L'Oréal for the Future programme, through regular presentations by the Chief Corporate Responsibility Officer and the functions and business lines.
- The **Audit Committee** has overseen financial reporting as well as sustainability issues and sustainability risk management since 2018. Following the implementation of the Corporate Sustainability Reporting Directive (CSRD), the Committee's remit was strengthened (see section 3.2) to include reviewing the double materiality assessment and monitoring the progress of the Sustainability Report at each of its meetings in 2024.
- The **Human Resources and Remuneration Committee** submits proposals on remuneration, including the non-financial targets applicable to the Chief Executive Officer's variable remuneration and the long-term targets for the conditional share grant plan. It also examines the HR policy and the rules of ethical conduct.
- The **Nominations and Governance Committee** deals with governance issues, including the diversity policy and directors' ESG skills. It also monitors the outcomes of initiatives taken in line with L'Oréal's values, related to people and social progress, for example.

This integrated approach enables the Board to ensure that social and environmental issues are taken into account when defining the Group's strategic orientations. It reviews annually the results achieved and the relevance, if any, of adapting the action plan or modifying the objectives, particularly in light of changes in the Company's strategy, technologies and shareholder expectations and in its economic ability to implement them.

4 – Sustainability Report

Introduction



Details of the sustainability work carried out in 2024 are set out in section 4.1.3. The programme is designed to cover the most material impacts, risks and opportunities in accordance with the double materiality assessment.

Table of topics reviewed by the Board of Directors and its Committees in 2024

The Board of Directors oversees the main impacts, risks and opportunities for L'Oréal and its value chain. The following table summarises the issues examined in detail by the Board and its Committees in 2024.

ESRS	List of main material matters	Topics discussed at Board or Committee meetings in 2024 on one or more occasions*
E1	Climate change (mitigation and adaptation)	Review of the decarbonisation strategy – Update on the SBTi's approval of the decarbonisation targets Results of the study on climate-related risks (TCFD) Progress report on the Climate pillar of the L'Oréal for the Future programme
E2	Pollution (operations and value chain)	
E3	Water resources (consumption and withdrawals) for operations and value chain	Results of the study on nature-related risks and dependencies (TNFD) Progress report on the L'Oréal for the Future programme Vigilance Plan
E4	Biodiversity and ecosystems	
E5	Resource use and circular economy (formulas and packaging)	Responsible packaging strategy and policy Progress report on the Resources pillar of the L'Oréal for the Future programme
S1	Own workforce (work-related rights, well-being and retention, diversity, equity and inclusion)	Human Resources Policy and Share & Care Diversity, equity and inclusion policy Values Committee Report Vigilance Plan
S2/S3	Human rights in the value chain and affected communities	Human Rights Policy Vigilance Plan
S4	Product safety	Progress report on the L'Oréal for the Future programme Vigilance Plan
S4	Responsible marketing and advertising	Board of Directors training session Progress report on the L'Oréal for the Future programme
S4	Transparent labelling and shift towards responsible consumption	Progress report on the L'Oréal for the Future programme
S1/S4	Privacy and personal data protection	Personal Data Management Policy
G1	Responsible leadership and ethical practices	Board of Directors training session Presentation of the Ethics Policy Values Committee Report Vigilance Plan

* By members of the Executive Committee and members of their management committees (direct or indirect).

Mobilisation of Divisions, Zones and support functions

The comprehensive transformation plan affects all Divisions, Zones, functions and business lines. The Chief Executive Officer relies on the commitment of each Executive Committee member in their area of responsibility in ensuring that the Group's strategic sustainability orientations are implemented.

On the Executive Committee, the Chief Corporate Responsibility Officer oversees the development of the sustainability strategy, ensures due implementation of the L'Oréal for the Future programme, and monitors the consistency of the strategy as applied by the Group's activities. She guides various internal committees on sustainability issues in drawing up roadmaps for the different entities (Operations, Research & Innovation, divisions, zones, countries, etc.). The experts responsible for administering the programme participate actively in these committees, setting annual objectives, reviewing assumptions and trends, and overseeing how they are implemented across the value chain.

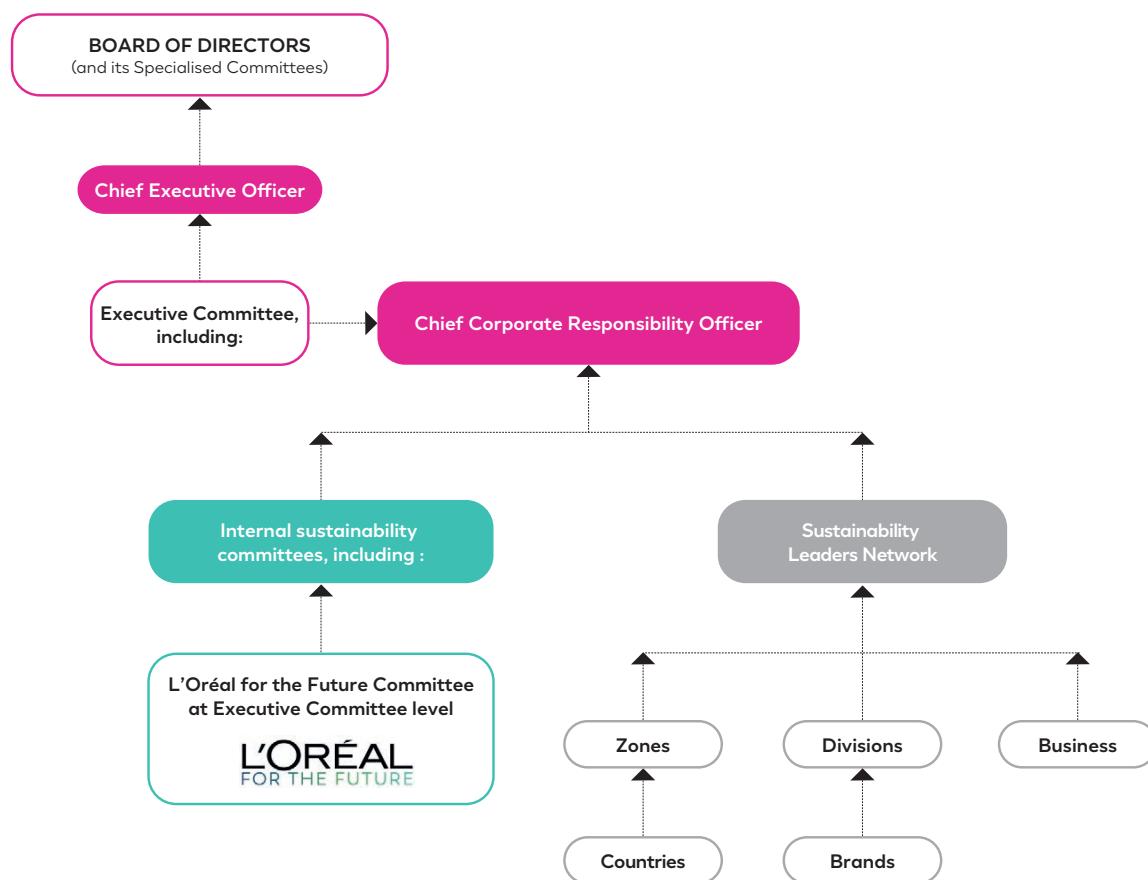
Action plans on sustainability matters are regularly fine-tuned. A network of dedicated leaders reporting to the Executive Committee oversees the implementation of the L'Oréal for the Future programme in each Division, Zone, function and business line.

Twice a year, the Chief Corporate Responsibility Officer meets with Executive Committee members as part of the L'Oréal for the Future Executive Committee in order to set the programme's strategic orientations.

A strategic transformation driven by all

In order for the transformation strategy to succeed, sustainability is being driven by all of L'Oréal's teams. To that end, all L'Oréal employees undertake dedicated learning programmes. They have access to a comprehensive range of online courses as part of the L'Oréal for the Future programme, made available in 15 languages.

Remuneration structures have been revised at the highest level. The variable portion of the Chief Executive Officer's annual remuneration incorporates quantitative and qualitative sustainability targets. Consistent with L'Oréal's strategy, which closely combines economic and social performance, the long-term remuneration of the Chief Executive Officer, as well as that of more than 2,000 other recipients of performance shares, incorporates sustainability performance criteria in addition to financial targets (see section 2.4). Since 2016, the determination of the variable remuneration of top management, including international brand managers and country managers, has also incorporated non-financial targets aligned with the Group's sustainability objectives.



4 – Sustainability Report

Introduction

4.1.2 The L'Oréal for the Future sustainability programme

First sustainability programme (launched in 2013): Sharing Beauty With All

Sharing Beauty With All, L'Oréal's first sustainability programme, was launched in 2013 and set targets through to 2020. The aim of this programme was to embed sustainability within all levels of the Company's value chain, from innovation to production and consumption. Notable achievements under the programme include an 81% reduction in CO₂ emissions from plants and distribution centres in absolute terms, and a 49% reduction in their water withdrawals⁽¹⁾ compared with 2005.

Second programme (launched in 2020): L'Oréal for the Future

Launched in 2020, the L'Oréal for the Future programme embodies the L'Oréal Groupe's deep commitment to sustainability by focusing on three key pillars: transforming L'Oréal's business to respect "planetary boundaries"⁽²⁾, empowering its business ecosystem in its transition to a more sustainable world, and contributing to solving the world's urgent social and environmental challenges. With ambitions for 2025 and 2030 (see section 1.4.2), L'Oréal for the Future reflects the Group's conviction that there can be no economic success without environmental and social responsibility.

Since its launch, L'Oréal for the Future has driven significant progress. For example, in 2024, the Group's sites operated with 97% renewable energy⁽³⁾, 92% of the ingredients in biobased formulas and packaging materials were traceable and originated from sustainable sources, and through its various Funds, L'Oréal invested in the rehabilitation of degraded natural ecosystems or in support for vulnerable populations. This concrete progress demonstrates L'Oréal's commitment to taking responsibility for achieving inclusive and sustainable growth.

Towards a third era (launch for 2025): mid-term review of L'Oréal for the Future

The constantly changing global environment means that companies are constantly having to adapt and to refine their assessments of sustainability risks and opportunities on a regular basis. Regulations, especially the new Corporate Sustainability Reporting Directive (CSRD), are also changing, along with the expectations of civil society. As the Group matures in these matters, new issues arise. Furthermore, environmental knowledge is also evolving. The climate projections of the Intergovernmental Panel on Climate Change (IPCC), for example, are regularly updated, which has an impact on companies' strategies for reducing greenhouse gas emissions, leading them to define mitigation action plans but also adaptation plans. Accordingly, at the beginning of 2024, the Group revised its decarbonisation targets to bring them into line with the new recommendations of the Science Based Target initiative (SBTi). This exemplary commitment testifies to L'Oréal's determination to consistently adopt a proactive approach. At the same time, the systemic shift towards a circular economy requires large-scale implementation of extended producer responsibility (EPR) schemes using large-scale collection and sorting systems. These systems are essential for optimising eco-design, enabling re-use and achieving high recycling rates, and promoting the availability of high-quality recycled products. These combined challenges underline the need to adapt and

consolidate sustainability programmes to meet current and future challenges.

L'Oréal is working on the one hand to more deeply integrate double materiality into its strategy, and on the other hand to base itself on the most recent scientific data. To facilitate this process, L'Oréal is continually strengthening its performance tracking systems, its sustainability leadership organisation and its investment in innovation.

Focus on materiality

Recent materiality assessments carried out within the CSRD framework, in particular through TCFD and TNFD assessments, have highlighted the increased importance of certain L'Oréal for the Future objectives and the lesser importance of others. Whilst L'Oréal fully supports the CSRD's emphasis on standardised language for greater comparability, some of its commitments use their own specific terminology or methodology and therefore require adaptation. Some objectives currently represent ongoing ambitions and will be formalised as broader global policies to fully align with the CSRD reporting frameworks. In light of these factors, L'Oréal deemed it more appropriate not to present these objectives in the sustainability report.

Adapt and prioritise

To meet these constantly evolving requirements, L'Oréal launched a global reassessment of its commitments in 2025, the mid-point of its L'Oréal for the Future programme launched in 2020, seeking to confirm its priorities in light of the lessons learned, while putting these commitments into place and to ensure their relevance, thoroughness and genuine level of ambition.

This approach will enable L'Oréal to focus its efforts on the most important and strategic issues as identified by the double materiality assessment carried out in 2024, and to adjust its actions and/or targets according to the progress made and the continuing challenges to come.

To align with CSRD terminology, L'Oréal plans to engage in a specific dialogue with stakeholders in order to integrate certain ambitions more explicitly into formal policies as defined by the CSRD. This approach will highlight L'Oréal's advanced maturity in certain areas, demonstrating how deeply these ambitions are integrated into its decision-making processes. It will also enable L'Oréal to focus its resources and efforts on the issues that matter most.

Collaborative transformation

L'Oréal recognises that environmental and social challenges are inextricably linked and require a collaborative response involving its entire ecosystem. Reducing the carbon footprint throughout the product life cycle requires continuous innovation: sourcing sustainable ingredients, reducing packaging and promoting responsible consumption are all crucial to its aims. Achieving these objectives depends on many external factors. Collaboration with business, governments and consumers is essential to overcoming technological and financial obstacles.

The complexity of L'Oréal's value chain – from raw materials sourcing to distribution – is also a major social challenge for the Group, especially in terms of human rights. L'Oréal strives to support its suppliers in adopting responsible practices throughout the value chain. Collaboration with NGOs, experts and other industry players is key to overcoming these challenges.

(1) Per finished product unit.

(2) In 2009, the Stockholm Resilience Center established nine distinct planetary boundaries, a concept since approved by the United Nations and the international scientific community.

(3) Excluding site security and safety equipment.

4.1.3 Double materiality assessment: mapping impacts, risks and opportunities

4.1.3.1 Methodology

In preparation for the implementation of the CSRD, L'Oréal updated its double materiality assessment together with its stakeholders. This process, informed by regular dialogue over many years (see section 4.1.3.2) and based on in-depth interviews, enabled the Group to incorporate different points of view and better identify and prioritise material topics.

The scope of the analysis covers the entire L'Oréal Groupe, i.e., all its entities and activities with no exceptions. Following the acquisition of Aēsop in the third quarter of 2023, L'Oréal has integrated the new brand based on a comparison with the double materiality assessment performed prior to its acquisition.

The double materiality assessment is based on two dimensions:

- **Impact materiality:** analysis of the positive or negative gross impacts of the Group's operations and value chain on the environment and people, taking into account the severity, scope and likelihood of remediation. L'Oréal's dependency on natural, human and social resources is also assessed in this context to understand the potential origin of impacts;
- **Financial materiality:** reflects the sustainability-related gross risks and opportunities and their potential impact on financial performance in the short, medium and long term, taking into account the effects on costs, revenues and access to finance. An analysis of dependency on natural, human and social resources is included in this dimension. Each dependency is systematically analysed to determine whether it represents a risk (exposure to potential disruptions) or an opportunity (stimulating innovation and developing sustainable solutions to improve financial performance).

The double materiality assessment was conducted using the five-step methodology set out below. Note that this process of identifying and assessing sustainability risks in accordance with GOV-5 is integrated into the Group's overall risk management process (see section 3.4).

1. Documentary analysis: review of internal (previous single and double materiality assessments, sustainability strategy, risk map assessment) and external documents (the European Sustainability Reporting Standards [ESRS], industry analysis, non-financial ratings, consumer and employee surveys, etc.) in order to understand the risks and opportunities related to L'Oréal's activity and their impact.

2. Identification of impacts, risks and opportunities (IROs): working with a specialist consultancy, L'Oréal identified and defined the positive and negative impacts, dependencies, risks and opportunities related to its operations and value chain. It then categorised them based on the ESRS framework and fine-tuned them in consultation with internal and external experts.
3. Assessment and rating: a robust quantitative rating methodology was used to assess the materiality of each impact, risk and opportunity, considering various time horizons (short-term: 1 to 3 years; medium-term: 3 to 5 years; and long-term: beyond 5 years). A materiality threshold was used to identify the most important issues.
4. Stakeholder consultation: the preliminary findings of the double materiality assessment were dry run with more than 45 external stakeholders (investors, NGOs, distributors, industry associations, suppliers, etc.) and internal experts (e.g., top management, sustainability experts, etc.) in dedicated interviews. These discussions enabled the findings to be validated, gain an outside-in perspective on the issues and identify areas for improvement, as well as ensuring that different points of view were taken into account.
5. Validation and reporting: the final results, including the materiality threshold and the list of relevant topics, were validated by the project governance bodies, including:
 - the Steering Committee, made up of key executives that monitored and directed the materiality assessment,
 - the Management Committee, a multidisciplinary committee that facilitated the comprehensive and exhaustive approach to identifying material matters,
 - Executive Management, including representatives of the sustainability, finance, legal, innovation, operations and human relations functions, which validated the final assessment, including the materiality thresholds, and
 - the Board of Directors, through the Audit Committee, which reviewed the materiality assessment, ensured that it was consistent with L'Oréal's overall strategy and gave account to the Board.

The TCFD (Task Force on Climate-related Financial Disclosures) and TNFD (Taskforce on Nature-related Financial Disclosures) framework methodologies were used to carry out in-depth analyses on climate-related and nature-related issues, respectively, to perform a more detailed assessment of their materiality.

4 – Sustainability Report

Introduction

4.1.3.2 Importance of continuous stakeholder dialogue

As part of a continuous improvement approach, L'Oréal places great emphasis on dialogue with its stakeholders and, wherever possible, strives to incorporate their expectations, interests and points of view into its strategy.

To that end, the Group has developed specific methods of interaction, designed to be both efficient and adapted to each player. This dialogue has intensified over the years. Since 2013, with the Sharing Beauty With All sustainability programme, stakeholders have played a key role in helping to define and follow up on the Group's commitments. In 2019, seven groups of internal experts contributed to creating the L'Oréal for the Future programme for 2030. They carried out independent studies and worked with external partners and civil society to set goals aimed at reducing L'Oréal's impacts while amplifying the Group's positive contribution to its ecosystem as a whole.

In preparation for the implementation of the CSRD, L'Oréal updated its double materiality assessment, a strategic exercise conducted with its stakeholders. More than 45 external partners – investors, NGOs, distributor customers, industry bodies and suppliers – and numerous internal experts took part in targeted interviews. These discussions were an opportunity to confirm findings, provide new perspectives and identify areas for improvement, which were then incorporated into the final analysis.

For L'Oréal, maintaining regular, constructive relationships with its stakeholders is essential. It feeds into L'Oréal's strategy, keeps its efforts focused and contributes to creating shared value, which benefits both the company and its ecosystem.

Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
Consumers	<ul style="list-style-type: none">• Staying attentive to current and future needs and concerns, expectations and changing consumption patterns;• Informing consumers of sustainable development improvements made in the Group's product and service portfolios;• Encouraging consumers to adopt more responsible consumption habits (e.g., waste sorting instructions, refills, no-rinse products).	<ul style="list-style-type: none">• Participation in the EcoBeautyScore⁽¹⁾ Association to develop a shared scientific methodology to provide consumers with clear, transparent and comparable information on products' environmental impact;• Launch of communication and promotion campaigns for refillable products across the Group's brands in a host of countries, particularly in the Perfume, Skincare, Body Care and Make-up categories;• Quantitative studies, particularly in the United States, Brazil and China, to assess consumer reactions to transparent labelling of the environmental performance of their products.
Customers (distributors)	<ul style="list-style-type: none">• Ensuring that products and services are properly marketed by participating in initiatives for more sustainable products and services;• Maintaining sincere trust-based relationships;• Sharing industry best practices in sustainable development;• Launching business transformation projects to help consumers make responsible consumption choices.	<ul style="list-style-type: none">• Continued collaboration and development of sustainable development partnerships with its distributor customers (Europe, North and South America, North Asia and SAPMENA) as part of green joint business plans based on the following priorities: engaging consumers in more sustainable modes of consumption (e.g., joint actions on refills and refillable products), reducing waste and unsold products, eco-design of point-of-sale advertising and decarbonising our joint activities in product transportation and logistics.
Employees	<ul style="list-style-type: none">• Ensuring that employees work in a safe and caring environment;• Being attentive to each individual's needs to develop personalised career paths;• Strengthening the sense of belonging by building on the employer brand and empowering employees to play a key role in the Group's transformation.	<ul style="list-style-type: none">• More than 35,000 people logged on to Ethics Day sessions and more than 5,000 questions were submitted worldwide;• 90% of the employees invited took part in the annual "Pulse" engagement survey;• L'Oréal was recognised for the 15th time as one of the world's most ethical companies by the Ethisphere Institute.

(1) Previously known as the EcoBeautyScore Consortium.

Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
International organisations, coalitions, NGOs and non-profits	<ul style="list-style-type: none"> Remaining attentive to needs and expectations in order to better understand environmental and social issues and respond to them in a collaborative way; Strengthening the link between the business world and non-profits, for example by exploring new partnerships linked to sustainable development issues, notably human rights. 	<ul style="list-style-type: none"> Participation in the creation of The Value of Beauty Alliance with six other players in the cosmetics industry; Membership of the Fair Labor Association (FLA), a multi-stakeholder initiative bringing together universities, companies and civil society organisations to promote compliance with international labour standards in globalised value chains, especially in matters of human rights; Commitment to adequate wages through the UN Global Compact's Forward Faster initiative, which aims to accelerate the achievement of sustainability goals; Consultation with external stakeholders to draft L'Oréal's first Human Rights Report.
Local communities	<ul style="list-style-type: none"> Strengthening the link between the business world and non-profits representing local communities; Staying attentive to current and future expectations, needs and concerns, as well as confirmed and potential impacts; Identifying levers for action to be put in place with non-profits representing local communities. 	<ul style="list-style-type: none"> Participation by 27,000 employees across 72 countries in Citizen Day, a day dedicated to volunteering during paid working time, benefitting 730 non-profits for 1,350 outreach initiatives; Commitment by the Group to combatting food waste, in line with the French national objective of reducing food waste in the catering sector by 50% by 2025; 4,420 meals were donated in 2024 by the Group's company restaurants to non-profits such as Restos du Cœur or Le Chânon Manquant, and 1,109 meals were sold to employees via "too good to go" type platforms.
Non-financial rating agencies	<ul style="list-style-type: none"> Facilitating a comprehensive rating of the Group's ESG action plans and policies; Identifying levers for progress on ESG issues, in particular through comparisons with companies of equivalent size or business. 	<ul style="list-style-type: none"> ESG awards received can be found in section 1.1.6 (Key figures for 2024); Dialogue with ESG rating agencies S&P, MSCI and EcoVadis to ensure full understanding of data assessments.
Public authorities, in particular via industry bodies	<ul style="list-style-type: none"> Strengthening the link between the business world and public authorities, in particular via industry bodies; Ensuring compliance with the regulations in force and contributing an industry perspective to serve as a basis for the development of future regulations; Sharing industry best practices in sustainable development. 	<ul style="list-style-type: none"> Membership of many industry bodies worldwide, including the French federation for beauty companies (<i>Fédération des Entreprises de la Beauté</i>), Cosmetics Europe, the European Brands Association, the World Federation of Advertisers, the United States Personal Care Products Council, China Association of Fragrance Flavour and Cosmetic Industries and the Cosmetic, Toiletry & Perfumery Association; Participation in major international institutional events, such as Climate Week NYC and the World Economic Forum's Davos summit; Membership of the UN Global Compact.

4 – Sustainability Report

Introduction

Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
Scientific community, including researchers and academics	<ul style="list-style-type: none"> Incorporating scientific and academic insight into the Group's strategy and decision-making processes; Implementing new technology and innovation to accelerate the transformation of the Group and its value chain. 	<ul style="list-style-type: none"> Collaboration with numerous public and private research centres worldwide⁽¹⁾ in diverse areas such as green chemistry, life cycle analysis, synthetic biology, genomics, skin stem cells, microfluidics, bioprinting and microbiomes; Participation by Group researchers in the implementation of sustainable agricultural practices. Researchers optimize tools and measurement methods with agronomic research institutes such as GENESIS to monitor the environmental benefits of more resilient practices on site. They also deepen their knowledge of minerals (accessibility, extraction processes, availability, etc.) with BRGM⁽²⁾; Collaboration with Polytechnique Montréal and the International Reference Center for Life Cycle Assessment and Sustainable Transition (CIRAIQ), along with the Université du Québec à Montréal and other industry partners, through the International Research Consortium on Life Cycle Assessment and Sustainable Transition, which aims to implement strategies to accelerate the decarbonisation process; Collaboration with Le Mans University to develop innovative methods for easily assessing the biodegradability of polymers; Collaboration with the Fraunhofer Institute to develop a method for assessing the bioaccumulation of substances in aquatic environments and used as the basis for new guidelines validated in June 2024 (OECD 321); Within the International Collaboration on Cosmetics Safety, contribution to the development of innovative non animal-based methods for assessing the human and environmental safety of ingredients and products: particularly in 2024, development of methods for assessing the persistence and bio-accumulation of cosmetic ingredients, potential endocrine-disrupting effects and consumer and environmental exposure.
Shareholders, investors and financial institutions	<ul style="list-style-type: none"> Maintaining sincere trust-based relationships; Communicating on sustainable development policies and practices to underpin the Group's long-term growth; Ensuring that the business model and sustainable development efforts are clear and easy to understand. 	<ul style="list-style-type: none"> Annual General Meeting: presentation of the Group's climate strategy by the Chief Executive Officer, and live webcast with the opportunity to ask questions; Events specifically for individual shareholders with a focus on the Group's sustainability commitments: regional roadshows (Reims and Aix-en-Provence), BoursoLive e-show, site visits (Domaine de la Rose Lancôme, Biotherm Vendée Globe boat in partnership with the Tara Ocean Foundation); Roadshows with institutional investors in France and abroad on ESG issues; Dedicated communication tools to increase awareness of the Group and illustrate its financial and non-financial performance: Universal Registration Document published in a digital format for better accessibility and readability, interactive digital Annual Report, letters to shareholders and loreal-finance.com newsletters.

(1) Including, for example, the National Institute for Materials Science (NIMS) in Japan and the Singapore Centre for Environmental Life Sciences Engineering (SCELSE).

(2) Bureau de recherches géologiques et minières (French geological and mining research bureau).

Stakeholder	Purpose of stakeholder dialogue	Examples of initiatives and awards in 2024
Students and graduates	<ul style="list-style-type: none"> Attracting the best and most diverse talent to support the Group's current and future transformations; Strengthening the Group's employer brand by communicating on all the initiatives available to future employees; Staying attentive to the expectations and needs of future generations in order to remain an attractive employer, for example by participating in university job fairs; Developing the employability of young people under 30 by offering them professional opportunities and giving them access to other development resources (mentoring, masterclasses, etc.). 	<ul style="list-style-type: none"> Organisation of L'Oréal Brandstorm, an international competition for under-30s, which in 2024 brought together more than 135,000 participants from 64 countries; Acceleration of the L'Oréal Seedz management trainee programme and France's international mobility VIE programme (more than 200 placements in 2024); Long-standing partnership with CEMS, a global alliance of 33 business schools worldwide; Support by the Group of several academic chairs, including: the Multi-Capital Global Performance chair and the "Chief Value Officer" Executive MBA with Audencia, the Consumer-driven Innovation and Entrepreneurship chair with HEC, the Leadership and Diversity and the Circular Economy chairs with ESSEC, the Marketing, Innovation & Creativity chair with INSEAD and the Marketing chair with the University of Oxford's Said Business School; Strengthening and structuring of the L'Oréal for Youth programme, with more than 25,000 job opportunities on offer.
Suppliers	<ul style="list-style-type: none"> Strengthening cooperation with suppliers, identifying their expectations and being attentive to their needs; Involving suppliers in the Group's transformation, such as through the L'Oréal for the Future programme; Supporting suppliers in their transformation, including decarbonisation; Sharing best practices in sustainable development. 	<ul style="list-style-type: none"> Launch of the Solstice fund (€50 million) with asset management company Chenavari Investment Managers to accelerate the decarbonisation of L'Oréal's value chain by helping finance its suppliers' energy transition; Deployment of a measurement tool focused on digital advertising campaigns for the Group's brands in order to determine and reduce the greenhouse gas emissions generated, in partnership with ImpactPlus and its Environmental Sustainability Platform (ESP); Organising Supplier Days focusing on the various purchasing types; Spread the Green Vibes events in various geographical regions; Webinars and learning expeditions on specific issues, such as decarbonisation; Discussions with suppliers at strategic meetings on five key topics: quality, corporate social responsibility, innovation, service and competitiveness.

4 – Sustainability Report

Introduction

4.1.3.3 Findings of the material topics

The results of the double materiality assessment are presented in this section by topic and sub-topic in accordance with the CSRD's European Sustainability Reporting Standards (ESRS). The identification of material impacts, risks and

opportunities (IROs), presented in this assessment, provides key information about L'Oréal's resilience in the face of sustainable development challenges. Their presentation is organised according to their materiality along L'Oréal's value chain. Each dedicated section begins with a detailed presentation of material IROs.

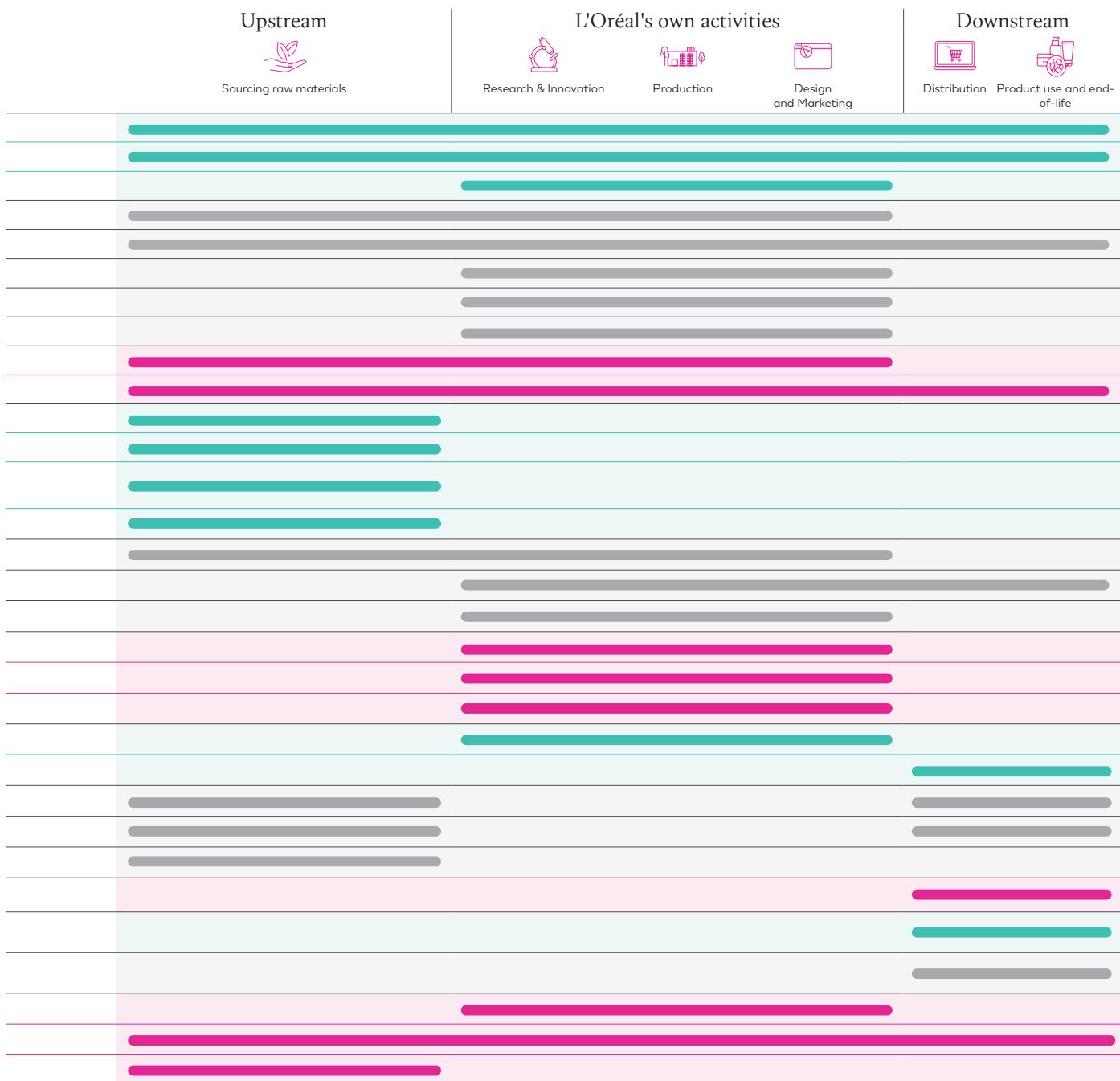
Topics	Material subtopics	Relevant chapter	ESRS	IRO
CLIMATE CHANGE	Climate change adaptation	4.2	E1	I+ I- R O
	Climate change mitigation			
	Energy			
POLLUTION	Pollution of air	4.3	E2	I-
	Pollution of water			
	Substances of concern			
	Substances of very high concern			I+ R
WATER RESOURCES	Microplastics	4.4	E3	
	Water consumption			I+ I- R
	Water withdrawal			
BIODIVERSITY AND ECOSYSTEMS	Impacts on the extent and condition of ecosystems	4.5	E4	
	Impacts and dependencies on ecosystem services			
	Biodiversity loss due to land-use change, freshwater-use change or sea-use change			I- R O
	Biodiversity loss due to direct exploitation			
RESOURCE USE AND CIRCULAR ECONOMY	Resource inflows: formulas and packaging	4.6	E5	
	Resource outflows: formulas and packaging			I+ I- R O
	Waste from operations			
WORKFORCE	Working conditions	4.7	S1	I+ I-
	Employee well-being and retention			I+
	Diversity, equity and inclusion			I- I+
PRIVACY AND PERSONAL DATA PROTECTION	Protection of employee privacy	4.8	S1/S4	R
	Protection of consumer privacy			
HUMAN RIGHTS IN THE VALUE CHAIN AND COMMUNITIES	Labour rights	4.9	S2/S3	
	Working conditions			I+ I- R
	Rights of indigenous peoples			
PRODUCT SAFETY	Personal safety of consumers	4.10	S4	I-
RESPONSIBLE LABELLING AND CONSUMPTION	Access to quality information	4.11	S4	I+ I- R O
RESPONSIBLE MARKETING AND ADVERTISING	Responsible marketing practices	4.12	S4	I+ I-
BUSINESS CONDUCT	Corporate culture	4.13	G1	
	Protection of whistleblowers			
	Management of relationships with suppliers			R

I+ Positive impact

I- Negative impact

R Risk

O Opportunity



4 – Sustainability Report

Climate: Mitigation and Adaptation (E1)

4.2 Climate: Mitigation and Adaptation (E1)

4.2.1 Background

In view of the climate emergency, L'Oréal has strengthened its strategy so as to actively contribute to a sustainable future. Using an evidence-based approach and by mobilising its entire organisation, the Group is aiming to play a decisive role in combatting climate change and in the transformation to a low-carbon economy.

In 2023, L'Oréal revised its climate transition plan, setting new net zero targets that were validated by the SBTi and which are in line with the recommendations of the Intergovernmental Panel on Climate Change (IPCC⁽¹⁾) to limit global warming to 1.5°C. The plan is also aligned with L'Oréal's sustainability programme, L'Oréal for the Future.

Building on the double materiality assessment carried out for the Sustainability Report, L'Oréal has used the Task Force on Climate-Related Financial Disclosures (TCFD) methodology as a basis for identifying the major climate issues. The Group is committed to providing consistent and reliable information, allowing investors to take account of climate change-related

financial risks while anticipating their potential impacts so as to ensure its long-term resilience.

In-depth analysis of the financial impacts of climate change, together with the environmental challenges, has enabled the Group to identify the key risks and opportunities for 2030 and 2050, based on:

- A proactive approach to risk identification;
- An assessment of the impacts based on the 1.5°C and 3-4°C temperature rise scenarios (IPCC scenarios RCP 1.9 and RCP 8.5);
- Incorporation of political, economic, social, technological, environmental and legal factors (PESTEL analysis⁽²⁾).

This forward-looking approach used by the Group's internal experts is based in particular on specific studies into the supply of plant-based raw materials. The results are presented in the table below.

(1) The IPCC is responsible for providing a comprehensive summary of scientific knowledge regarding climate change. It analyses various scenarios in terms of changes in greenhouse gas concentrations and uses them to define representative concentration pathway (RCP) profiles.

(2) PESTEL is a strategic framework for identifying and analysing the Political, Economic, Socio-cultural, Technological, Environmental and Legal factors likely to influence a company.

4.2.1.1 Material climate-related impacts, risks and opportunities

Description	Subtopics	Policy	Action plans ⁽¹⁾
<p>I- L'Oréal's activities may contribute to climate change throughout its value chain, including greenhouse gas emissions from the supply of raw materials, the transportation of goods and manufacturing processes. These emissions contribute to climate change and can indirectly affect populations through phenomena such as extreme weather events, water shortages, food insecurity, greater prevalence of health problems and climate-induced migration.</p> <p>ST / LT</p>	Climate change adaptation	Climate transition plan	Pulling the decarbonisation levers on Scopes 1, 2 & 3
<p>I+ L'Oréal's leadership in the field of sustainable development can be the catalyst for wider change in the industry. By developing and adopting more sustainable products, L'Oréal can encourage more environmentally friendly production practices industry wide, including among suppliers. In the face of climate change, this approach can be used to empower consumers to make more informed, sustainable choices.</p>	Climate change mitigation		
<p>R In terms of transition risks, a sudden increase in the price of carbon imposed by suppliers represents a financial risk as it would mechanically lead to an increase in operating costs. The transition towards sustainable packaging is intensifying competition for innovative materials. The cost and availability of such materials are becoming more uncertain, and this could impact L'Oréal by increasing its production costs. At the same time, growing demand for sustainable products poses a market risk, as failing to act swiftly could give rise to the loss of market share to more environmentally advanced competitors.</p> <p>ST / MT</p>	Energy		
<p>O Climate change also exposes L'Oréal to direct physical risks. The increasing scarcity of water and rising temperatures could impact demand for certain products, forcing the Group to adapt in order to remain competitive. At the same time, the growing frequency of extreme weather events is threatening the supply of agricultural raw materials, with the attendant risk of price volatility and supply chain bottlenecks. These events could also disrupt external energy supplies, underlining the importance of energy efficiency for L'Oréal.</p> <p>The main environmental impacts of the cosmetics sector are connected to the use of products that require rinsing water, mainly affecting the carbon footprint and the water footprint. In the context of increasing water stress, changes in consumer behaviour represent an opportunity to develop innovative, water-saving products that meet new consumer expectations.</p> <p>ST / MT</p>	Climate change adaptation	Climate transition plan	Reach 100% renewable energy at operated sites*.
<p>The transition towards renewable energy also represents an economic opportunity for L'Oréal. The expected rise in the price of fossil fuels is accelerating the switch to renewable energy. This could allow L'Oréal, which is already at an advanced stage in this process, to reduce its operating costs relative to competitors who have made less progress.</p> <p>Growing consumer awareness of the environmental impact of products, reinforced by regulatory change and environmental labelling, may provide L'Oréal, as a pioneer in these matters, with the opportunity to promote its commitment and innovation in the field of sustainable development.</p>	Climate change mitigation	Climate adaptation plan	
	Energy		

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

Time horizon: ST = short term; MT = medium term; LT = long term.

(1) The sustainable development objectives presented by L'Oréal are voluntary and do not result from a legal obligation.

* Excluding site safety and security equipment.

4 – Sustainability Report

Climate: Mitigation and Adaptation (E1)

4.2.2 Governance engaged at every level of the organisation

L'Oréal has set up a robust governance structure involving the Group's most senior management levels in overseeing material climate-related matters. In particular, the climate transition plan is prepared according to several key stages:

1. collaborative drafting and validation: the plan is drawn up together with the functions and business lines to ensure feasibility and alignment with operational reality;
2. validation by the Executive Committee, which reviews the plan to ensure that it is consistent with the Group's overall strategy;
3. presentation to the Board of Directors: the Board of Directors monitors the risks and opportunities, as well as the impact on society and the environment, notably through the Audit Committee and the Strategy and Sustainability Committee; and
4. implementation: the functions and business lines apply the plan with the support of the Sustainability Leaders Network, which ensures that sustainability is integrated into all Group functions.

Climate transition plan implementation process

Once the climate transition plan has been validated by L'Oréal's top management bodies, it is implemented at all levels of the organisation:

Operational deployment: each business line, Division and Zone receives a tailored roadmap, transposing the global net zero strategy to local scale:

- The Divisions, which are more involved in the upstream value chain and product design, focus on emissions reduction targets linked to eco-design, the choice of ingredients and packaging.
- The Zones and Countries, which are more involved downstream, focus on reducing emissions linked to marketing and distribution, such as transportation and marketing products (e.g., refills).

- The various functions and business lines, including Research & Innovation, Operations and digital and physical promotion, actively contribute to decarbonisation by identifying and reviewing innovation opportunities and defining a specific transition plan for each Division and Zone. For example, Purchasing is incorporating responsible supply into its processes, and Operations is optimising energy performance at production sites.

Prioritisation: the roadmaps set out the priority actions, with quantitative targets and deadlines, so as to ensure that the plan is implemented in a concrete and measurable way.

Mobilising the Sustainability Leaders Network: this internal network made up of employees trained in sustainability provides the operational teams with expertise and support, and acts as a point of reference as they implement the plan.

Outcome monitoring process

The Board of Directors annually reviews the outcomes of the climate strategy against the initial objectives. The outcomes are also reviewed by the Strategy and Sustainability Committee. The Chief Executive Officer also presented the Group's climate change strategy to the 2024 Annual General Meeting. Shareholders can engage in discussion with L'Oréal on a regular basis as part of the Group's shareholder consultation process. The Board of Directors receives an account of these discussions.

The level of remuneration of the Chief Executive Officer and the Group's top management is subject to the achievement of climate objectives (see sections 2.4.1.2.1. and 7.4.3.6). Each year, the Human Resources and Remuneration Committee reviews both the upcoming remuneration policy objectives and the performance achieved during the year in question. The Committee makes recommendations in this regard to the Board of Directors.

4.2.3 Climate transition plan

4.2.3.1 Decarbonisation targets and the Net Zero strategy

Fully engaged in the fight against climate change and following scientific recommendations, L'Oréal has developed a climate transition plan whose pathway has been validated by the SBTi. This plan pursues two ambitions:

- by 2030, to reduce Scopes 1 & 2 carbon emissions by 57% and Scope 3 carbon emissions by 28% for goods and services purchased by the Group, business travel, upstream transportation and distribution; and
- by 2050, to reduce global emissions by 90%, with any residual emissions offset to achieve net zero.

In absolute terms, these reductions refer to a 2019 baseline year.

To meet its target for reducing Scopes 1 & 2 emissions by 2030, L'Oréal has made commitments regarding the transition to renewable energies. Under the L'Oréal for the Future programme, the Group intends to reach 100% renewable energy for all its operated sites⁽ⁱ⁾. This commitment is important because Scopes 1 & 2 concern, respectively, direct emissions linked to the Group's activities, such as on-site combustion, and indirect emissions linked to the consumption of purchased energy, such as electricity. By using renewable energy sources such as wind power and solar energy to power its facilities, L'Oréal is reducing its dependence on fossil fuels, thereby limiting its carbon footprint.

To meet its target for reducing Scope 3 emissions, which account for the majority of its carbon footprint, L'Oréal has set out trajectories adapted to the transformation of each of its functions and business lines, and planned how to roll them out in collaboration with all the Divisions and Zones. Reducing

Scope 3 emissions is essential because they include indirect emissions linked to the company's entire value chain, upstream and downstream of its direct operations. This includes emissions linked to the purchase of raw materials, the transportation of goods, the use of products sold, the end-of-life of these products, and business travel.

L'Oréal has consolidated these ambitions in its transition plan, which includes the levers under its direct responsibility as well as the contribution expected from suppliers reducing emissions from their activities. The main levers identified to achieve these objectives by 2030 are described in detail in section 4.2.3.2.

Beyond 2030, to prepare for the future and meet its 2050 decarbonisation ambition, L'Oréal is exploring various solutions, supported by technological developments and a favourable political context. These include:

- improving the energy mix in all countries in the value chain;
- carbon-free logistics;
- developing carbon capture technologies for raw materials; and
- new product and packaging formats.

L'Oréal also strives to minimise "locked-in" emissions, linked to the depreciation of assets designed to emit carbon irreversibly, such as certain emergency power generators or cooling systems containing refrigerants. In Scopes 1 & 2, the transition to renewable energies reduces current emissions and avoids new locked-in emissions. With regard to Scope 3, even though the use of L'Oréal products does not involve direct consumption of fossil fuels, their entire life cycle generates emissions depending on the local energy mix, which are recorded within GHG emissions reporting and in the transition plan.

Focusing on deep decarbonisation

As part of its drive towards Net Zero, the Group's strategy is focusing on reducing emissions across its value chain. Offsetting through carbon capture will be rolled out to deal with any residual emissions (up to a maximum of 10%), gradually ramping up through to 2050.

(i) Excluding safety and security equipment.

4 – Sustainability Report

Climate: Mitigation and Adaptation (El)

4.2.3.2 Pulling multiple decarbonisation levers

L'Oréal's drive to achieve net zero by 2030 is based on the main levers illustrated below:



Scopes 1 & 2

%: Contribution to decarbonisation by 2030 compared with 2019

Actions taken with suppliers

(1) At operated sites, with the exception of safety and security equipment.
(2) Point-of-sale (PoS) advertising.



Scope 3

4 – Sustainability Report

Climate: Mitigation and Adaptation (E1)

4.2.3.3 Financing the transition plan

A management standard, which is deeply integrated into budget processes, ensures that each entity takes sustainability factors (including decarbonisation efforts) into account in its financial planning. However, while this holistic approach is effective for understanding the impacts at company level, it does not separate out investments undertaken in respect of the climate transition, particularly those concerning Scope 3 emissions, which are often integrated into the operating budgets drawn up by the various entities.

L'Oréal is actively working to refine its methodologies for monitoring and reporting these investments more precisely, but is not currently in a position to publish specific amounts for future investments related to decarbonisation.

It should be noted that the Group's Scopes 1 & 2 emissions, which now account for less than 1% of total emissions, have already been reduced by 51% compared to 2019 thanks to substantial investments in previous years, and therefore currently represent only a small part of the Company's overall commitment to sustainability. As a result, the overall investment – €78 million of eligible CapEx (excluding leases) currently recognised under the European Taxonomy's climate change mitigation objective – does not fully reflect the scale and depth of the transformation of L'Oréal's business.

4.2.4 Climate adaptation plan

4.2.4.1 Raw materials continuity plan

L'Oréal is anticipating the risks posed by climate change to its supply of plant-based raw materials. To ensure the long-term future of its business activities, the Group has put in place an adaptation strategy based on scientific knowledge and risk analysis. Working collaboratively, the Research & Innovation teams focus on assessing the climate impact of the main raw materials, while the Purchasing teams work in parallel to identify specific climate risks in the supply chain. L'Oréal is seeking to diversify its sources as swiftly as possible, not just when there are material threats, and to adapt production areas, seek alternatives and work with partners to develop more sustainable farming practice within the overall goal of building a resilient supply chain while guaranteeing product quality.

4.2.4.2 Business continuity plan

L'Oréal works proactively to protect its sites against extreme weather events. Its approach comprises four key stages: (i) an external risk audit is carried out, followed by (ii) an analysis of climate scenarios, the results of which are incorporated into (iii) site risk reviews before (iv) tailored adaptation plans are put in place. Using this approach, the Group is able to anticipate climate challenges while ensuring business continuity.

4.2.4.3 Product consumption continuity plan

With the increasing scarcity of natural resources such as water, L'Oréal is striving to reduce the quantity of water needed to rinse off its products. In order to achieve this goal, the Group is innovating with formulas that use less water or that do not require rinsing. L'Oréal is also investing in innovations such as the L'Oréal Water Saver showerhead, which reduces water consumption in hairdressing salons. L'Oréal's commitment covering its downstream value chain aims to offer products that meet environmental challenges and heightened consumer expectations in terms of sustainability.

4.2.5 Climate outcomes

4.2.5.1 L'Oréal's objectives in relation to climate change

Targets	2024 outcomes
By 2030, L'Oréal is aiming to reduce its Scopes 1 & 2 carbon emissions by 57%, compared with 2019.	-51%
By 2030, L'Oréal is aiming to reduce its Scope 3 carbon emissions (from purchased goods and services, business travel, and upstream transportation and distribution) by 28%, compared with 2019.	+9%
By 2025, L'Oréal is aiming to reach 100% renewable energy * at operated sites.	97%
By 2050, L'Oréal is aiming to reduce its Scopes 1, 2 & 3 carbon emissions by 90%, compared with 2019	+6%

4.2.5.2 Outcomes for energy consumption and energy mix (E1-5)

Energy consumption and energy mix

Key performance indicator	2024 outcomes
1. Fuel consumption from coal and coal products	-
2. Fuel consumption from crude oil and petroleum products	4,171 MWh
3. Fuel consumption from natural gas	32,419 MWh
4. Fuel consumption from other fossil sources	-
5. Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	65,336 MWh
6. Total energy consumption from fossil sources (calculated as the sum of lines 1 to 5)	101,926 MWh
Share of fossil fuel energy sources in total energy consumption (%)	10%
7. Consumption from nuclear sources	96 MWh
Share of consumption from nuclear energy sources in total energy consumption (%)	0%
8. Fuel consumption for renewable energy sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	251,927 MWh
9. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	572,894 MWh
10. Consumption of self-generated non-fuel renewable energy	74,788 MWh
11. Total renewable energy consumption (calculated as the sum of lines 8 to 10)	899,609 MWh
Share of renewable energy sources in total energy consumption (%)	90%
Total energy consumption (calculated as the sum of lines 6, and 11)	1,001,631 MWh

Other CSRD disclosure requirements linked to energy consumption and the energy mix

Energy intensity based on net revenue	2024 outcomes
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors ⁽¹⁾⁽²⁾	23 MWh/€m

- (1) The Group's activities are classified under NACE code C20.4 (Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations). According to the CSRD, NACE codes A to H are defined as "high climate impact sector".
 (2) Financial results, including the turnover (net sales) figures used to calculate this ratio, are set out in detail in section 6.1.

* Excluding safety and security equipment.

4 – Sustainability Report

Climate: Mitigation and Adaptation (E1)

4.2.5.3 Outcome of the greenhouse gas emissions assessment (E1-6)

The Group calculates and monitors the greenhouse gas (GHG) emissions originating from all its activities according to the GHG Protocol.

in tonnes of CO ₂ equivalent (tCO ₂ eq)	Retrospective data				Milestones and years concerned		
	2019	2023	2024	2024 vs. 2023	2024 vs. 2019	2030	2050
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions	88,108	57,435	49,691	-13%	-44%		
Scope 2 GHG emissions							
Gross Scope 2 GHG emissions (location-based)	194,456	172,614	177,359	3%	-9%		
Gross Scope 2 GHG emissions (market-based)	60,178	28,347	23,325	-18%	-61%		
Scopes 1 & 2 GHG emissions (location-based)	282,564	230,050	227,051	-1%	-20%		
Scopes 1 & 2 GHG emissions (market-based)	148,285	85,782	73,017	-15%	-51%	63,763	
Material Scope 3 GHG emissions							
1. Purchased goods and services	4,678,164	5,287,135	5,361,644	1%	15%		
4. Upstream transport and distribution	566,388	459,673	442,436	-4%	-22%		
6. Business travel	169,591	105,568	96,722	-8%	-43%		
Other Scope 3 GHG emissions	1,273,966	1,325,066	1,286,660	-3%	1%		
2. Capital goods	331,854	381,956	329,797	-14%	-1%		
3. Fuel- and energy-related activities	134,471	179,552	180,988	1%	35%		
5. Waste generated in operations	12,400	10,044	10,832	8%	-13%		
7. Employee commuting	107,956	94,494	92,663	-2%	-14%		
8. Upstream leased assets	-	-	-	-	-		
9. Downstream transportation and distribution	75,690	80,464	73,816	-8%	-2%		
10. Processing of sold products	-	-	-	-	-		
11. Use of sold products ⁽¹⁾	135,324	96,227	113,608	18%	-16%		
12. End-of-life treatment of sold products	369,237	412,007	422,742	3%	14%		
13. Downstream leased assets	-	-	-	-	-		
14. Franchises	-	-	-	-	-		
15. Investing activities	107,034	70,322	62,214	-12%	-42%		
Total Scope 3 GHG emissions	6,688,108	7,177,442	7,187,462	0%	7%		
TOTAL GHG EMISSIONS							
Total GHG emissions (location-based)	6,970,673	7,407,491	7,414,513	0%	6%		
Total GHG emissions (market-based)	6,836,394	7,263,224	7,260,479	0%	6%		683,639

(1) For the sake of transparency, it is important to note that this category only includes direct emissions associated with the use of L'Oréal's products. Indirect emissions from the use of products (4,371,584 tCO₂eq in 2024 and 4,178,961 tCO₂eq in 2023) are not included because they are considered optional by the GHG Protocol.

GHG intensity based on net revenue

2024 outcomes
Total GHG emissions (location-based) per net revenue ⁽¹⁾
Total GHG emissions (market-based) per net revenue ⁽¹⁾

(1) Financial results, including the turnover (sales) figures used to calculate this ratio, are set out in detail in section 6.1.

Biogenic carbon emissions from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions

2024 outcomes
Biogenic carbon emissions from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions

Renewable energy purchases and contractual instruments (E1-6 AR 45)

2024 outcomes
Renewable electricity purchased
% of Power Purchase Agreements (PPA)
% of bundled purchases with Energy Attribute Certificates (EAC)
% of unbundled purchases with Energy Attribute Certificates (EAC)

4.2.5.4 GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

Although the cosmetics industry has a low carbon footprint compared to other industries, L'Oréal is focusing its efforts on decarbonising the value chain. The Group does not currently use carbon offsetting mechanisms and relies on biodiversity to capture carbon. In 2020, the Group launched the L'Oréal Fund for Nature Regeneration. Endowed with €50 million, its mission is to restore one million hectares of ecosystems by 2030, with the overall goal of capturing 15 to 20 million tonnes of carbon and creating jobs in the process.

L'Oréal publishes its taxonomy report in accordance with Taxonomy Regulation (EU) 2020/852 and its associated delegated acts (Climate: 2021/2139 and 2023/2485; Environmental: 2023/2486), applying the doctrine of the European Commission and the Platform on Sustainable Finance (SFP).

This report identifies L'Oréal's activities that are eligible for the European Taxonomy, i.e., those that meet the technical screening criteria set out in the regulation. Of these eligible activities, the report identifies those that are also "Taxonomy-aligned". Alignment requires that the activity is eligible, i.e., that it makes a substantial contribution to an environmental objective while also doing no significant harm (DNSH) to the remaining five objectives, and that it meet minimum standards, in accordance with the technical screening criteria of the delegated acts.

Pursuant to the Taxonomy Regulation, L'Oréal has presented the proportion of eligible (since 2021) and aligned (since 2022) turnover (net sales), capital expenditure (CapEx) and operating expenditure (OpEx) associated with economic activities classified as sustainable. Until 2022, alignment data were provided only on the climate change mitigation and adaptation objectives. Starting in 2023, L'Oréal now also reports the Taxonomy-eligible portion for the other four environmental objectives.

As L'Oréal's beauty business activities have not yet been included in the EU Taxonomy list, they are considered ineligible within the meaning of these regulations. Accordingly, L'Oréal only reports on its secondary activities, mainly related to real estate.

The low rate of eligibility and alignment of the Group's Taxonomy indicators only very partially reflects L'Oréal's sustainability strategy and its strong commitment to combating climate change, preserving water resources, implementing the principles of the circular economy, preventing pollution or preserving biodiversity throughout its value chain.

4.2.5.5 Alignment with the EU Taxonomy

4.2.5.5.1 Reminder of the regulatory environment and L'Oréal's sustainability strategy

The Green Taxonomy Regulation is a cornerstone of the European Action Plan for Sustainable Finance and aims to redirect capital towards a more sustainable environment by drawing up a list of economic activities considered sustainable by the European Commission. The Taxonomy focuses on activities it has identified as having a high potential for contributing to environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

4 – Sustainability Report

Climate: Mitigation and Adaptation (El)

4.2.5.5.2 Eligibility and alignment of the Group's activities

Sales indicator: as in 2021, 2022 and 2023, the Group has not identified any eligible turnover in 2024.

PROPORTION OF TURNOVER, CAPEX, OPEX FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES BY ENVIRONMENTAL OBJECTIVE – INFORMATION FOR 2024

	Proportion of net turnover/total turnover	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity	0%	0%

SALES

Fiscal year	2024	Substantial contribution criteria										Do No Significant Harm (DNSH) criteria																														
		Code (2)		Turnover (3) € millions	Proportion of turnover (4)	Climate change mitigation (5)		Climate change adaptation (6)		Pollution (8)		Circular economy (9)		Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)																		
Economic activities (1)	Code (2)	Turnover (3) € millions				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)																					
Text		Currency	%	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	%	E	T																						
A. TAXONOMY-ELIGIBLE ACTIVITIES																																										
A.1 Environmentally sustainable activities (Taxonomy-aligned)																																										
Turnover from environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																				0%																			
Of which enabling		0	0%																				0%																			
Of which transitional		0	0%																				0%																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																																										
Turnover from Taxonomy-eligible activities but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		0	0%	0	0	0	0	0	0	0	0	0	0										0%																			
TOTAL (A.1 + A.2)		0	0%	0	0	0	0	0	0	0	0	0	0										0%																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																																										
Turnover from Taxonomy-non-eligible activities		43,487	100%																																							
TOTAL (A+B)		43,487	100%																																							

Investment indicator:

At the level of L'Oréal, several economic activities have been identified as individually sustainable, resulting in capital expenditure (CapEx) enabling certain target activities to

contribute to the climate change mitigation (CCM) and climate change adaptation (CCA) objectives, and to the transition to a circular economy (CE) in terms of reusing water for industrial purposes. These activities are summarised in the table below:

Eligible economic activities	Description and related activity within the Group
CE 2.2 Production of alternative water resources for purposes other than human consumption	CapEx related to the production of water recovered for industrial use (treated wastewater and rainwater)
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CapEx related to the fleet of leased company cars (IFRS 16)
CCM 7.2/CE 3.2 Renovation of existing buildings	CapEx related to renovation (structural works) to reduce major physical climate risks
CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	CapEx related to the installation of energy efficiency equipment (e.g., replacement of heating or air conditioning systems with more energy-efficient systems)
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CapEx related to the installation of energy efficiency equipment (e.g., smart meters and thermostats)
CCM 7.7 Acquisition and ownership of buildings	CapEx related to heated buildings (long-term leases under IFRS 16, new buildings, extensions or acquisitions)
CCA 14.2 Flood risk prevention and protection infrastructure	CapEx related to the construction of flood protection infrastructure

Activities that are not enabling through turnover (net sales), as is the case for L'Oréal's business, can only be eligible for the climate change adaptation (CCA) objective by purchasing specific CapEx as part of an adaptation plan. Only activity 14.2 (Flood risk prevention and protection infrastructure) currently meets this criterion. Other CapEx and activities contribute either to climate change mitigation (CCM) or to the transition to a circular economy (CE) objectives.

Long-term leases of heated buildings capitalised in accordance with IFRS 16 represent the main source of eligible CapEx (€407 million, or 83% of the total), which is included in activity 7.7 (Acquisition and ownership of buildings). These relate to long-term leases for administrative, industrial and retail sites. The remainder of the eligible scope (€86 million, or 17% of the total) includes:

- buildings and newly acquired heated buildings aligned with the sustainable property strategy (in addition to leases of heated buildings under IFRS 16 included in activity 7.7);
- certain equipment and facilities of the L'Oréal for the Future programme at operational and administrative sites, which are assigned to Taxonomy activities based on whether they contribute to climate (adaptation/mitigation) or circular economy objectives (activities 7.2, 14.2, 7.3, 7.5 and 2.2);
- IFRS 16 company car leases in Brazil (activity 6.5). These contracts, which run for three to five years, were signed in 2023 and were not renewed in 2024. In other countries, the monthly renewal of vehicle fleets, subject to insignificant overall price fluctuations, exempts them from the scope of IFRS 16.

The value of leases (as per IFRS 16) corresponds to the value recorded in the Group's consolidated statement of financial position. The value of buildings and newly acquired heated buildings along with CapEx under the L'Oréal for the Future programme are taken from the Group's internal management reports and reconciled annually with the audited financial statements. This rigorous upstream analytical process means L'Oréal avoids inadvertently counting investments twice.

Certain projects, which were not material taken individually or for which it was difficult to prove their contribution to objectives, were not analysed for alignment and were therefore classified as non-aligned. The alignment analysis focused on a scope of material physical assets for which evidence of alignment was available, namely:

- IFRS 16 leases of heated buildings (excluding stores), by applying a financial materiality threshold targeting the most important leases (although all leases are subject to the Group's property due diligence criteria, only the most significant are analysed in depth for alignment purposes);
- investments of over €500,000 by L'Oréal SA linked to the L'Oréal for the Future programme. In 2024, no L'Oréal SA investment linked to the L'Oréal for the Future programme exceeded €500,000.

For IFRS 16 leases of heated buildings, alignment with the Taxonomy is based on three criteria:

- energy performance: an A-rated or equivalent energy performance certificate (EPC⁽¹⁾) has been provided. Alternatively, a recognised environmental certification (e.g., BREEAM, LEED, HQE, etc.) has been provided, along with evidence that the building is among the top 15% performers in terms of energy efficiency. Evidence that the building's energy performance is monitored and managed (reports on consumption, etc.) has also been provided;
- climate change adaptation (DNSH): climate risks (e.g., heat waves) and their impact on business activities have been assessed and adaptation measures implemented (e.g., energy-efficient air conditioning and improved thermal insulation). The internal exposure analysis uses an expert tool based on RCP⁽²⁾ scenarios 2.6, 4.5 and 8.5, with projections from 2030 to 2100;
- compliance with the minimum safeguards: the Group meets the requirements on minimum safeguards set out in the Platform on Sustainable Finance's (PSF) report, via:

(1) Energy Performance Certificate (EPC)
(2) Representative Concentration Pathways [RCP] - AR6.

4 – Sustainability Report

Climate: Mitigation and Adaptation (El)

- its Code of Ethics and Vigilance Plan (to prevent risks of violations of human rights, fundamental freedoms, health, safety and the environment – see sections 3.2.1 and 3.5),
- its anti-corruption policy (see section 3.2.3),
- the integration of taxation into its sustainability statement (see section 3.2.4); and its Legal Charter (compliance with local legislation, particularly competition law – see section 3.6.3).

In accordance with the European Commission communication of 16 June 2023 on minimum safeguards (2023/C 211/01) and with the Sustainable Finance Disclosure Regulation (SFDR), the Group is not exposed to controversial weapons.

PROPORTION OF CAPEX FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES BY ENVIRONMENTAL OBJECTIVE – INFORMATION FOR 2024

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
Climate change mitigation	2%	22%
Climate change adaptation	0%	0%
Water	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity	0%	0%

RECONCILIATION OF THE DENOMINATOR FOR THE INVESTMENT INDICATOR

€ millions	2023	2024	Reconciliation with the financial statements
Intangible assets	905.6	437.1	Variations in intangible assets tables (note 7.2)
of which acquisitions	355.1	384.2	"Acquisitions/charges" column
of which business combinations	550.6	43.0	Included in the "Changes in the scope of consolidation" column
of which allocation of goodwill to the brand	(0.1)	9.9	Included in the "Other movements" column
Property, plant and equipment	1,214.2	1,277.2	Changes in property, plant and equipment tables (note 3.2.2)
of which acquisitions	1,150.6	1,276.3	"Acquisitions/charges" column
of which business combinations	63.6	0.9	Included in the "Other movements" column
Right-of-use assets (IFRS 16)	690.1	508.4	Right of use table (note 3.2.3)
of which new and renewed leases	500.9	505.6	Included in the amount given in the note below the table
of which business combinations	189.2	2.8	
TOTAL ACQUISITIONS	2,809.9	2,222.6	

CAPEX

Fiscal year	2024	Substantial contribution criteria										Do No Significant Harm (DNSH) criteria				Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)	
		Code (2)	CapEx (3) € millions	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)		
Economic activities (1)																		%	E T
Text					YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES; NO; N/ EL	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	%		
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	0	0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	E	
Acquisition and ownership of buildings	CCM 7.7	38	2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	4%		
CapEx on environmentally sustainable activities (Taxonomy-aligned) (A.1)		38	2%	2%	0%	0%	0%	0%	0%	0%	YES	YES	YES	YES	YES	YES	YES	5%	
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	0%	YES	YES	YES	YES	YES	YES	YES	1%	E
Of which transitional		-	0%	0%							YES	YES	YES	YES	YES	YES	YES	0%	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)					EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL									
Production of alternative water resources for purposes other than human consumption	CE 2.2	6	0%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL							0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%	T	
Renovation of existing buildings	CCM 7.2 & CE 3.2	0	0%	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL							0%	T	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	16	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	6	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%	E	
Acquisition and ownership of buildings	CCM 7.7	425	19%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							17%		
Flood prevention and protection infrastructure	CCA14.2	1	0%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%	E	
CapEx on Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)* (A.2)		455	20%	20%	0%	0%	0%	0%	0%	0%							18%		
TOTAL (A.1+A.2)		493	22%	22%	0%	0%	0%	0%	0%	0%							22%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx on Taxonomy-non-eligible activities		1,730	78%																
TOTAL (A+B)		2,223	100%																

* Certain projects, which were not material taken individually or for which there were difficulties in proving their contribution to objectives, were not analysed for alignment and were therefore classified as non-aligned.

4 – Sustainability Report

Climate: Mitigation and Adaptation (E1)

In 2024, Taxonomy-eligible CapEx amounted to €493 million, representing 22% of eligible CapEx out of a total of €2,223 million. Despite a lower absolute value compared to the €631 million in 2023, the proportion of eligible CapEx remained stable year on year. The lower absolute value is mainly due to fewer building leases (IFRS 16) in the year compared to 2023, following the acquisition of Aësop and the consolidation of its leases. However, the fall was offset by a significant increase in CapEx relating to the construction of sustainable buildings on owned sites.

OpEx KPI:

PROPORTION OF OPEX FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES BY ENVIRONMENTAL OBJECTIVE – INFORMATION FOR 2024

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity	0%	0%

In the absence of eligible turnover, no OpEx could be classified as eligible. The OpEx denominator required by the Taxonomy, consisting mainly of research and development, short-term vehicle leasing, maintenance and property asset management

CapEx aligned with the climate change mitigation objective amounted to €38 million in 2024, or 2% of total CapEx. In 2023, this figure was €139 million (5% of total CapEx). The decrease in aligned CapEx in 2024 is solely due to a reduction in aligned IFRS 16 leases following a high number of renewals of leases for buildings that do not fully meet the Taxonomy's sustainability criteria.

costs, represents less than 5% of the Group's OpEx. L'Oréal therefore applies the exemption provided by the European Taxonomy and reports an OpEx numerator of zero.

OPEX

Fiscal year	2024	Substantial contribution criteria								Do No Significant Harm (DNSH) criteria				Category (transitional activity) (20)				
		Climate change mitigation (5)				Climate change adaptation (6)				Do No Significant Harm (DNSH) criteria								
Economic activities (1)	Code (2)	OpEx (3) € millions	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) OpEx, 2022 (18)	Category (enabling activity) (19)
Text	Current	%	YES; NO; N/ EL	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	%	E	T						
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
OpEx on environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%														0%		
Of which enabling	0	0%														0%	E	
Of which transitional	0	0%														0%	T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																		
OpEx on Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	0	0%	N/EL	EL;	EL;	EL;	EL;	EL;	EL;	0%								
TOTAL (A.1+A.2)	0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	0%									
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx on Taxonomy-non-eligible activities	1,608	100%																
TOTAL (A+B)	1,608	100%																

MODEL 1 – NUCLEAR AND FOSSIL GAS ACTIVITIES

Line	Nuclear energy activities	Yes/No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities.		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

4 – Sustainability Report

Pollution: operations and value chain (E2)

4.3 Pollution: operations and value chain (E2)

4.3.1 Background

L'Oréal aims to offer beauty that combines quality, effectiveness, safety and responsibility. The Group continuously invests in solutions that minimise or eliminate any adverse effects of its products and ingredients, in accordance with applicable regulations. Its research and innovation policy aims to improve the environmental footprint of its products over their entire life cycle, while ensuring the personal safety of consumers.

In view of the challenges posed by the pollution of water and air, the Group conducts assessments on an ongoing basis to minimise its impacts in the value chain and strives to make reducing environmental consequences a priority. The Group introduces concrete actions at production sites and across the supplier network to promote more sustainable practices. This section presents the measures taken and the outcomes achieved through this approach.

Description	Subtopics	Policy	Action plans
<p>I-</p> <p>The potential direct or indirect negative impact includes pollution⁽¹⁾ of water and air from L'Oréal's own industrial activities. Specifically, the materiality assessment of pollutants based on the CSRD's ESRS framework highlights the chemical oxygen demand (COD) for water and non-methane volatile organic compounds (NMVOCs) for air as material pollutants.</p> <p>ST</p> <p>Suppliers' upstream industrial and agricultural activities can also generate air and water pollution.</p> <p>Downstream, the use of rinse-off products by consumers could contribute to the discharge of pollutants into water and impact the quality of the water discharged into wastewater systems.</p>	<p>Pollution of air</p> <p>Pollution of water</p>	EHS policy Sustainable purchasing policy Research & Innovation policy	Prevent pollution risks at operated sites Encourage suppliers to take steps to avoid pollution Reduce the environmental footprint of products
<p>I+</p> <p>L'Oréal strives to minimise the environmental footprint of its products by developing more environmentally friendly formulas and minimising the use of substances of very high concern and microplastics. This approach could influence production practices on a wider scale across the industry, encouraging stakeholders to adopt more sustainable processes and invest in research and innovation.</p>	Microplastics		
<p>R</p> <p>ST /MT</p> <p>Another challenge that L'Oréal faces is adapting to constantly changing regulations and shifting consumer expectations in relation to the environment. New regulations, particularly regarding ingredients and packaging, require L'Oréal to reformulate products and conduct additional tests, which generates significant costs. The diversity and constant reinforcement of the regulatory environment expose the Group to a risk of failure to comply or increased compliance costs. In addition, growing consumer awareness of environmental issues requires L'Oréal to constantly adapt. Failure to meet new consumer expectations regarding sustainable products and ensure that its practices comply with ethical and environmental standards, could harm its image and negatively impact sales.</p>	<p>Substances of concern (SOCs)</p> <p>Substances of very high concern (SVHCs)</p>	Research & Innovation policy	Remove microplastics Remove substances of very high concern

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

Time horizon: ST = short term; MT = medium term; LT = long term.

(1) To determine the materiality of the pollution, the Group analysed each pollutant emitted and listed in Annex II of Regulation (EC) No. 166/2006 of the European Parliament and of the Council (European Pollutant Release and Transfer Register – E-PRTR Regulation). If the quantity of pollutants observed exceeds the materiality threshold set by the regulation, it is included in the Sustainability Report.

(1) Citepa, or Centre Interprofessionnel Technique d'Etudes de la Pollution Atmosphérique, is a panel of specialists who assess greenhouse gas and air pollutant emissions by sector and pollutant every year.

4.3.2 Pollution-related policies

4.3.2.1 General EHS policy and aspects relating to pollution from operations

This section presents L'Oréal's global Environment, Health and Safety (EHS) policy, with a focus on pollution.

L'Oréal's Environment, Health and Safety (EHS) policy is designed to reduce the Group's environmental footprint while ensuring the safety of employees and partners. By applying strict standards across all sites and conducting regular audits, the Group ensures that these standards are adhered to, both internally and by subcontractors and suppliers. The key aspects of this policy include:

- an EHS management system to support the Group's strategy;
- a manual detailing the measures to be applied to protect people, property and the environment;

- an ISO certification programme for production facilities;
- regular monitoring based on specific indicators;
- mandatory training for all employees, at every level; and
- an internal and external audit system covering all sites worldwide.

Suppliers are also audited to ensure compliance with the Group's environmental and safety requirements.

In the event of an accident, contingency plans for each site are activated and employees have received relevant training in this area, subject to regular checks by the EHS team, insurers and EHS audits. When a significant risk is identified or standards impose specific requirements, an in-depth assessment is carried out and immediate mitigation action plans are rolled out.



The Group has set up a dedicated governance structure under the responsibility of the Operations department to ensure that this EHS policy is reflected in all aspects of its activities (see section 3.2.1).

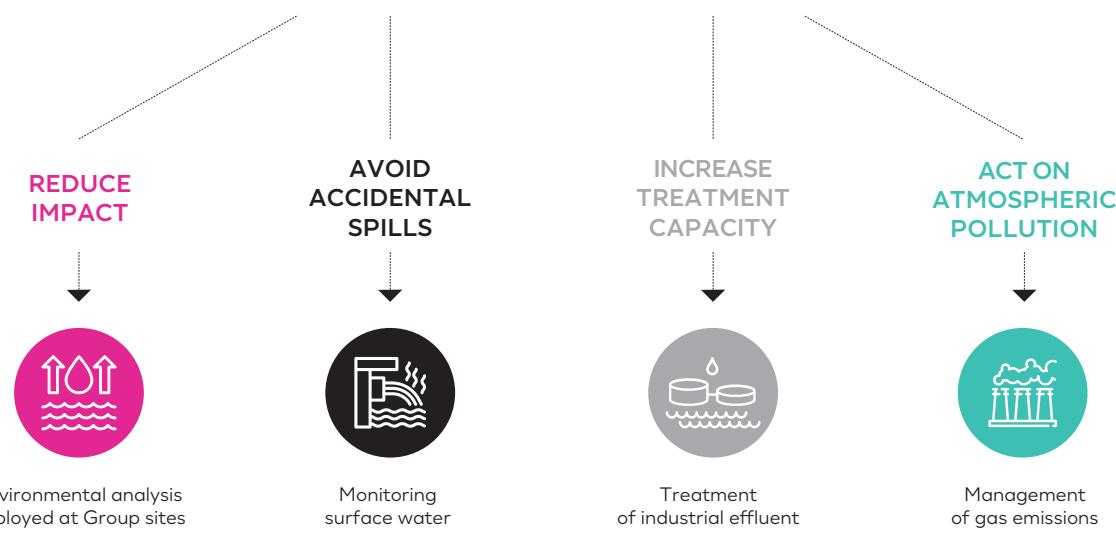
4 – Sustainability Report

Pollution: operations and value chain (E2)

4.3.2.1.1 Preventing pollution-related risks through the EHS policy

The fight against air and water pollution is based on the EHS policy, which applies to all sites operated by L'Oréal and its subcontractors, with an approach built on four strategic pillars:

EHS policy guidelines to prevent risk of polluting



4.3.2.1.2 Environmental assessment

All production sites conduct an environmental assessment which is updated once a year. The assessment covers all of the site's activities, including upstream and downstream processes, to identify any significant risks of water and air pollution, and to respond with an action plan. This approach is also used to reduce the impacts related to new site locations, renovation projects and changes to industrial processes. Environmental due diligence is systematically performed before any land or building acquisition.

4.3.2.1.3 Monitoring surface water

The Group ensures that its water, particularly rainwater, discharged directly into the environment is of good quality. To do so, it uses monitoring, treatment (e.g., sites are equipped with hydrocarbon separators in car park areas) and retention (e.g., at-risk storage areas must have sufficient retention capacity to contain extinguishing water in the event of a fire) methods.

4.3.2.1.4 Treating industrial effluent

A key indicator of water pollution is chemical oxygen demand (COD), which quantifies the oxygen required to chemically oxidise organic matter in water, whether biodegradable or not. A high COD means a high concentration of these substances and more polluted water. The COD test uses a powerful oxidant in an acid environment to oxidise these materials, and the quantity of oxidant consumed is converted into oxygen equivalent. This measurement is essential for assessing the effectiveness of wastewater treatment and monitoring the water quality.

L'Oréal aims for 100% of its factories to comply with a limit of 1,000 mg of COD per litre of effluent by 2030⁽¹⁾. This threshold corresponds to the maximum quantity of chemically oxidisable organic matter authorised by L'Oréal in discharges. This objective was defined based on studies carried out with the first Waterloop facilities, performance at the most modern wastewater treatment plants and the rates observed in domestic water. The Group's production sites are also required to comply with local regulations and contractual agreements for all their discharge indicators. To achieve this, L'Oréal uses appropriate technologies (physical, chemical and biological processes) depending on the characteristics of the effluent. The local sites are responsible for operating the relevant equipment and managing the discharge, ensuring that there is no untreated water spill.

(1) This objective is presented by L'Oréal on a voluntary basis and does not result from any legal obligations.

4.3.2.1.5 Controlling the Group's air emissions, excluding greenhouse gases

Non-methane volatile organic compounds (NMVOCs) are a variety of volatile carbon compounds, with the exception of methane. These compounds come from both natural and man-made sources, including the use of solvents and industrial processes.

L'Oréal is working to identify and control the risks associated with NMVOCs. Firstly, L'Oréal's facilities ensure that they comply with local requirements set by operating permits. In addition, a solvent management plan has been put in place at the most exposed facilities, covering more than 90% of solvents used, which is used to monitor NMVOC emissions. It provides a comprehensive view of discharges and facilitates the implementation of corrective measures.⁽ⁱ⁾

4.3.2.2 Sustainable purchasing policy relating to upstream pollution

L'Oréal's sustainable purchasing policy (see section 4.4.2.2) is based on working closely with suppliers to limit the environmental footprint in the value chain. Two main objectives have been defined to reduce upstream pollution:

- reducing air pollution: L'Oréal strives to reduce its greenhouse gas emissions, and encourages suppliers to adopt the same decarbonisation targets (see section 4.2). While this policy does not specifically cover the monitoring of NMVOCs, which are a source of air pollution, it does include broader commitments to reduce air pollution;
- sustainable water management: L'Oréal promotes the responsible use of water by strategic suppliers, particularly in sectors with a high potential impact on water resources (see section 4.4).

4.3.3 Action plans in place

4.3.3.1 Pollution operations action plan

Pollution of water: The local sites carry out annual self-assessments or internal audits to ensure optimal management of industrial effluents. Each facility is equipped with a monitoring system for real-time tracking of regulated indicators, such as COD, pH and effluent temperature, as well as substances that could disrupt treatment facilities. This system not only detects the risk of overshoots, but also prevents any non-compliance and triggers the necessary corrective actions. With the Waterloop technique (see section 4.4.2.1), all of L'Oréal's production sites will be able to improve their water treatment and recycling capacities. L'Oréal emphasises achieving the internal objective of limiting COD to 1,000 mg per litre of effluent, starting from the design phase of Waterloop projects, to ensure that the trajectory defined by the Group is achieved.

4.3.2.3 Research & Innovation policy relating to downstream pollution

L'Oréal's Research & Innovation (R&I) policy puts sustainable innovation right at the heart of its environmental strategy. This includes formulating new products from more sustainable raw materials as well as reformulating existing products to help minimise their environmental footprint. For the eco-design of its products, L'Oréal uses the Sustainable Product Optimisation Tool (SPOT), which is based on life cycle analysis.

For each new product, SPOT measures the improvement in relation to an average of existing products. For each updated product, improvement is measured and compared to the previous version of the product. All product formulator teams use this tool, for example to assess the impact on water whenever new formulas are created and to reduce that impact (see section 4.4).

In addition, the R&I teams work to change the way raw materials are sourced, processed and used through the Green Sciences programme (see section 4.5) built on four pillars: sustainable agriculture, biotechnology and fermentation, green extraction and transformation and green chemistry. This policy is overseen by the Deputy Chief Executive Officer in charge of Research, Innovation and Technology, who devises the related strategy. The Group's R&I teams work with the Divisions and brands to accelerate product transformation and eco-design.

Pollution of air: each year, L'Oréal assesses the non-methane volatile organic compound (NMVOC) emissions resulting from the use of solvents. This assessment is the result of certain local restrictions (such as operating permits in France) and a constraint introduced by the Group. The raw materials team compiles data on the quantities of solvents purchased per facility. L'Oréal then identifies the sites where these products are most widely used. Solvent emissions are then calculated as part of the Solvent Management Plan, and a ratio is applied to all facilities in order to estimate overall discharge. The Solvent Management Plans also include methods and action plans to reduce NMVOC emissions in L'Oréal's plants. As a result, the most high-risk plants are still required to draw up a Solvent Management Plan to understand their emissions and identify reduction factors.

(i) L'Oréal has not set a quantitative target for this topic. It reserves the right to do so at a later date.

4 – Sustainability Report

Pollution: operations and value chain (E2)

4.3.3.2 Sustainable purchasing action plan relating to upstream pollution

In signing L'Oréal's Mutual Ethical Commitment Letter (see section 4.4.2.2), suppliers undertake to put in place systems to prevent accidental pollution of the air, soil, surface and ground water during production and storage processes, including wastewater, as well as pollution during transportation. They also commit to raising employees' awareness of what they should do in the event of an environmental incident.

The Group's suppliers can thereby assess their environmental footprint and implement appropriate prevention measures at each site concerned. The supplier risk analysis is based, at the very least, on the risks listed in the audit grid provided by L'Oréal when the Mutual Ethical Commitment Letter is signed. This grid was prepared in accordance with the list of the major risks described below and is applied during the referencing process and follow-up audits (see section 3.5.4.2):

- the nature of the suppliers' activity requires identification of specific risks: the suppliers are required to roll out additional prevention measures in accordance with best practices in their industry; and
- the nature of the raw materials used by the suppliers: in the case of subcontracting to suppliers involved in aerosol production or storage, bleaching powders or flammable products, the local sites are subject to specific risk analyses on process safety. Additional specific EHS audits are performed by independent third parties at these subcontractors' sites. These audits are initiated at the time of referencing, as part of a follow-up conducted within three years of a "Needs Immediate Action" request, depending on the severity of the non-conformity identified, and at the time of confirmation, five years after the initial audit.

Suppliers that present the most significant risks because of their activity or geographic location may be audited on these issues, as provided for in the risk map.

Serious cases of non-conformity (Needs Immediate Action, Zero Tolerance and Access Denied) or the failure to implement corrective actions can result in the non-listing of a new supplier or the suspension or delisting and termination of commercial relations. All the main instances of non-conformity found are monitored and consolidated annually by risk type.

4.3.3.3 Research & Innovation action plan for downstream pollution

L'Oréal has been taking concrete action for many years to identify, assess and limit the environmental footprint of products made available to consumers. This approach is based on several pillars:

- improving the environmental profile of its products throughout their life cycle;
- improving the biodegradable properties of its formulas;
- removing microplastics; and
- reducing the use of substances of (very high) concern.

L'Oréal is improving the environmental profile of its products, including formulas, packaging and raw materials, in particular through the SPOT eco-design tool, which assesses 14 environmental impact factors, including water quality (see section 4.4.3.3).

L'Oréal is also working on improving the biodegradable properties of its formulas, not only for new products but also for existing ones. Formulas are considered to be biodegradable when the raw materials in those formulas decompose quickly and completely in nature thanks to the action of micro-organisms (OECD 301 or equivalent ISO).

L'Oréal has taken the lead in eliminating microplastics, anticipating regulations and acting proactively to reduce the impact of its products on the environment. As early as 2014, L'Oréal began reformulating its rinse-off products such as shower gels and shampoos, succeeding in completely eliminating plastic microbeads from its exfoliating products as of 2017 (six years before the regulatory ban in Europe) and microplastics from all its rinse-off formulas as of 2020 (seven years before the regulatory ban in Europe). The Group continues to work on substitutions that do not compromise the effectiveness or performance of other product categories.

L'Oréal prohibits the introduction of new ingredients classified as SVHC⁽¹⁾ in its product portfolio. Aware of constantly evolving scientific knowledge, L'Oréal undertakes to remove from its products any substance which, although not classified as SVHC when the formula was first marketed, has subsequently been identified as such.

Thanks to the SPOT eco-design tool, L'Oréal automatically takes into account the potential environmental impact of substances of concern and, with the aim of improving the environmental footprint of its products, will automatically minimise the use and potential concentrations of this type of ingredient.

L'Oréal also rigorously assesses the toxicological and environmental profile of the ingredients used in its products, in accordance with the REACH and CLP (Classification, Labelling, Packaging) Regulations on cosmetic products.

(1) Substances of very high concern as identified by Article 57 of the European REACH Regulation.

4.3.4 Pollution-related outcomes

4.3.4.1 Air pollution-related outcomes (E2-5)

Key performance indicator	2024 outcomes
Non-methane volatile organic compounds (NMVOC)	743 tonnes

4.3.4.2 Water pollution-related outcomes (E2-5)

Key performance indicator	2024 outcomes
Chemical oxygen demand after on-site treatment	3,690 tonnes

4.3.4.3 Other outcomes linked to L'Oréal's own pollution of water

Key performance indicator	2024 outcomes	Objective
Industrial sites with wastewater < 1,000mg chemical oxygen demand (COD)/l	24 sites	L'Oréal aims for 100% of its factories to comply with a limit of 1,000 mg of COD per litre of effluent by 2030
Proportion of manufacturing facilities with wastewater <1,000mg chemical oxygen demand (COD)/l	67%	

4.3.4.4 Results related to microplastics and SVHCs (E2-5)

Key performance indicator	2024 outcomes
Microplastics used	representing < 0.03% of the total volume of the Group's ingredients
Total substances of very high concern	approximately 0.44% of the total volume of the Group's ingredients
Substances of very high concern by main hazard class ⁽¹⁾ :	
• Substances of very high concern, hazard class PBT (persistent, bioaccumulative, toxic)	approximately 0.007% of the total volume of the Group's ingredients
• Substances of very high concern, hazard class vPvB (very persistent, very bioaccumulative)	approximately 0.44% of the total volume of the Group's ingredients

(1) The same substance may be classified in several risk classes, which explains why the total quantity of substances of very high concern may be less than the sum of each class.

4.4 Water resources: consumption and withdrawals (E3)

4.4.1 Background

The challenge of preserving water is recognised by the international scientific community. Water is an essential resource for the production and use of L'Oréal products, and its sustainable management is a key priority for the Group. In that context, L'Oréal seeks to use its influence on the value chain and in all the watersheds in which it operates.

The Group is taking action at all levels to limit the water footprint linked to its business activities:

- at operated sites, including on industrial uses such as cleaning production equipment or producing steam;

- upstream in the value chain, by encouraging suppliers to adopt sustainable practices; and
- downstream in the value chain, by optimising product usage among consumers.

This section covers the quantities of water withdrawn and used. Aspects relating to water quality and pollution are dealt with in section 4.3 (ESRS E2), and impacts on biodiversity in section 4.5 (ESRS E4).

4 – Sustainability Report

Water resources: consumption and withdrawals (E3)

4.4.1.1 Material water resources-related impacts, risks and opportunities

Description	Subtopics	Policy	Action plans
<p>I-</p> <p>The Group's activities may have an impact on water availability at different levels of the value chain, potentially contributing to tensions over this resource, particularly in regions already subject to water stress. Upstream, the agricultural practices required to grow certain raw materials may put pressure on local water resources. The production phase of cosmetic products, which requires water at various stages, for example to rinse the processing tanks, must also be monitored. Lastly, the usage of products by consumers, particularly when rinsing off shampoos or shower gels, contributes to water consumption.</p>		EHS policy	Water resource preservation at operated sites
<p>ST / LT</p> <p>By promoting best water management practices, the Group can have a positive influence by improving industry applications – including among strategic suppliers, especially those with a potential impact on water resources – innovating to offer products that require less water and raising consumer awareness on ways of reducing water consumption when using beauty products.</p>	<p>Water consumption</p> <p>Water withdrawal</p>	Sustainable purchasing policy	Working with suppliers to use water responsibly
<p>MT / LT</p> <p>R</p> <p>Water stress poses three financial risks for L'Oréal. The supply of raw materials may be affected by water shortages in some regions. Production site operations in areas of water stress are vulnerable to disruption. Lastly, demand for and sales of products whose everyday use requires water, such as shampoos, is likely to fall in regions affected by water shortages where local consumers may not be able to use them.</p>		R&I policy	Reducing the quantity of water needed for rinse-off products

- IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
□ Time horizon: ST = short term; MT = medium term; LT = long term.

4.4.2 Water policies

As part of the L'Oréal for the Future programme, the Group is aiming to reduce its water consumption at every stage in its products' life cycles.

4.4.2.1 EHS policy for water management at operated sites

L'Oréal is aware of the increasing pressure on water resources and is adopting responsible management policies across its sites. The EHS policy for water management at operated sites aims to preserve this precious resource through a multi-disciplinary approach detailed in the action plan. Through the innovative Waterloop concept, L'Oréal is aiming to use recycled and reused water in industrial processes. Waterloop equipment is being deployed by order of priority of the water situation in the watersheds in which L'Oréal operates. This approach is fully in line with the Group's EHS policy, which governs the use of water from withdrawal to discharge.

Recycling and reusing water with the Waterloop concept

Using water re-use and recycling techniques, Waterloop limits the amount of water withdrawal for industrial purposes at L'Oréal's production sites. In practical terms, mains water is only used for human consumption and manufacturing cosmetic products, while industrial needs, such as cleaning or steam production, use water treated directly on site.

This system is based on two essential pillars:

1. process optimisation: reducing the volume of water used in production processes; and
2. reuse and recycling: wastewater treatment using advanced technologies such as ultrafiltration and reverse osmosis, to obtain high-quality water that can be reused in industrial processes.

Launched in 2017, Waterloop is operational at several of the Group's production facilities, with a gradual roll-out based on the order of priority of regional water stress levels.

The EHS policy also covers treatment of industrial effluents and is aimed at reducing the environmental impact of the water leaving the sites (see section 4.3).

4.4.2.2 Sustainable purchasing policy

Sustainability is deeply rooted in the values and choices of L'Oréal's Purchasing Department. Supporting its ecosystem throughout the value chain is fundamental for L'Oréal in its efforts to meet today's environmental and social challenges. With the aim of moving towards a more sustainable beauty industry alongside its suppliers, L'Oréal applies a sustainable purchasing policy framework to both production and service purchases. The policy is set by the Group's sustainable purchasing team in agreement with internal stakeholders (the Ethics, Sustainability and Operations departments). It is applied by L'Oréal's buyers in the various purchasing areas and Zones with the aim of forging responsible and transparent relationships with all suppliers and to limit L'Oréal's environmental and social impact.

The policy is built around four pillars. These are in turn part of L'Oréal's Mutual Ethical Commitment Letter, which formalises the joint commitment that L'Oréal has with its suppliers:

1. respect for human rights: L'Oréal requires its suppliers to respect human rights in accordance with international labour standards. In particular, L'Oréal's suppliers are required to guarantee decent and safe working conditions, prohibiting all forms of forced labour, child labour and discrimination. In line with the L'Oréal for the Future programme, the Group aims to ensure that all employees of strategic suppliers are paid at least an adequate wage (see section 4.9);
2. preservation of the environment and natural resources: L'Oréal aims to minimise the environmental impact of its supply chain and services:
 - by reducing its carbon footprint: the Group works with its suppliers to reduce greenhouse gas emissions in the value chain (see section 4.2);
 - by requiring its strategic suppliers to commit to sustainable water management practices: L'Oréal aims to have all its strategic suppliers using water sustainably in the areas in which they operate. L'Oréal uses in particular the CDP Water score achieved by its strategic suppliers to check their alignment with this indicator. This applies to strategic suppliers whose activities have a high potential impact on water resources (see section 4.4.3.2);
 - preserving resources and biodiversity. L'Oréal is committed to sourcing raw materials that are traceable and respect ecosystems (see section 4.5);
3. business integrity: L'Oréal demands the highest integrity from its suppliers. L'Oréal's business relationships are based on transparency and respect for ethical standards and anti-corruption laws. The Group's buyers receive training in this regard. These principles are also enshrined in L'Oréal's Code of Ethics and reflected in its supplier selection process (see section 4.13);

4. diversity, equity and inclusion: firm in its belief in creating a diverse and inclusive working environment, both within the Group and across the supply chain, L'Oréal encourages diversity, fairness and inclusion among its suppliers. L'Oréal encourages them to adopt responsible practices and supports them in developing inclusive purchasing programmes (see section 4.9).

Governance over this policy is integrated into L'Oréal's purchasing processes, based on measurable objectives that are in line with the Group's environmental, social and economic commitments. Reporting to the Chief Operations Officer, the sustainable purchasing team defines the relevant action plans in conjunction with the managers of each purchasing field and zone, as well as with internal and external stakeholders.

Key indicators are monitored and shared at least once a year at Group level, in particular through management committee meetings dedicated to non-financial commitments. Regular monitoring is rounded out by internal and external audits of L'Oréal's processes and quantitative indicators, which guarantee the system's robustness.

In terms of the practical application of these commitments, L'Oréal has set up a supplier evaluation system based on five criteria: quality, social and environmental responsibility, innovation, services, and competitiveness. These criteria define the performance expected of suppliers, with a 20% weighting on environmental and social commitments.

To help them progress in their sustainable development practices and comply with these standards, L'Oréal provides its strategic suppliers with various resources and tools, including sharing best practices on the Spread the Best Practices platform, webinars and training materials. The purchasing teams in L'Oréal's purchasing fields and Zones ensure that this knowledge is disseminated locally, and support suppliers in its implementation.

4.4.2.3 Research & Innovation policy for developing water-efficient products

As part of its Research & Innovation policy, L'Oréal is aiming to reduce water consumption linked to the use of its products. To achieve this, L'Oréal is developing formulas that require less water for rinsing (for example, that combine several functions, such as 2-in-1 shampoos), or even no rinsing at all (such as no-rinse conditioners and face cleansers), and is teaming up with or acquiring companies such as Gjosa to offer innovations such as the L'Oréal Water Saver showerhead used in hair salons to reduce the water for rinsing off hair products.

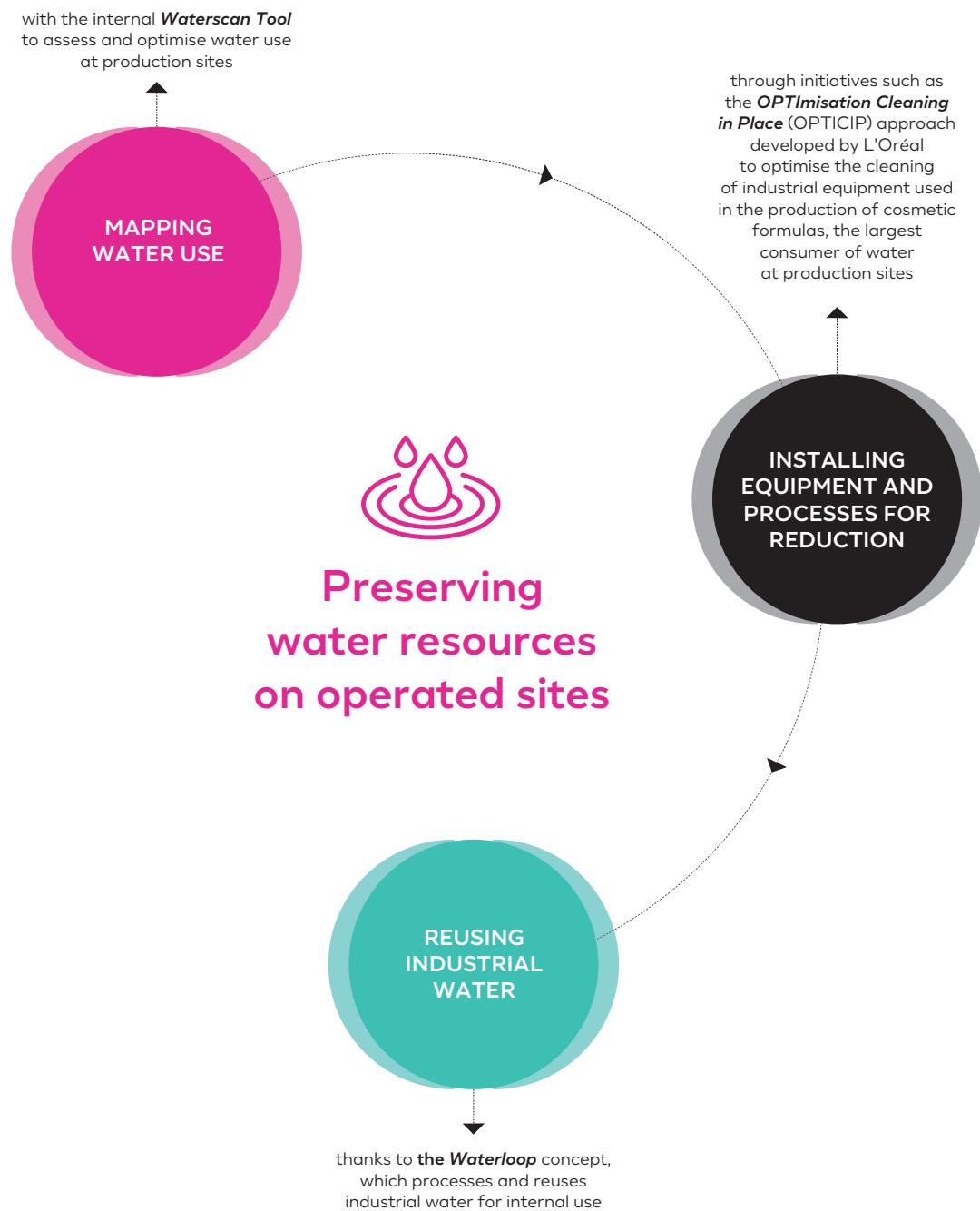
4 – Sustainability Report

Water resources: consumption and withdrawals (E3)

4.4.3 Action plans in place

4.4.3.1 Water resource preservation at operated sites

As part of its EHS policy to reduce water consumption, L'Oréal is planning measures to preserve water resources at its production sites. This multidisciplinary approach is described in the following chart:



4.4.3.2 Working with suppliers to use water responsibly

Sustainable water management is essential to L'Oréal's supply chain organisation. In an era of growing global water constraints, L'Oréal wants to support its suppliers in implementing responsible practices. Its action plan is built on three pillars:

- Mapping and assessing water risks: L'Oréal is working to identify the risks and dependencies linked to water in its supply chains. Using this analysis, the Group is aiming to anticipate risks to water resources, and to set up projects to preserve and restore ecosystems and watersheds where the most critical situations are identified.
- Sustainable water management by strategic suppliers: As part of the L'Oréal for the Future programme, L'Oréal works together with its strategic suppliers to promote responsible water stewardship in the areas where they operate. This commitment involves monitoring suppliers' environmental performance in terms of water management (in particular through their scores on the CDP Water questionnaire). L'Oréal encourages suppliers to continuously improve their performance and to adopt ambitious measures to reduce their water consumption, optimise their use of resources and mitigate the impacts and risks associated with their activities. It also requires respect for fundamental human rights linked to access to water, sanitation and hygiene, as stipulated in the Mutual Ethical Commitment Letter (MECL) that all strategic suppliers must sign.

- Strategies for optimising water use: L'Oréal encourages its suppliers to adopt water-saving practices, such as efficient irrigation, recycling and continuous monitoring of water consumption, with the aim of maximising water efficiency and reducing pollution.

4.4.3.3 Reducing the water footprint in product use

For several years, L'Oréal performed life cycle analysis of its products in order to identify, evaluate and improve its environmental footprint. At L'Oréal, SPOT (see chart hereafter) is an integral part of product launch processes, putting sustainable innovation at the very heart of product development. L'Oréal uses eco-design techniques to improve the water footprint associated with the use of its products, based on three pillars:

- innovation in routine: developing "no-rinse products";
- reducing "rinse-off" water quantities: improving formulations for better rinsability, as measured and optimised by an internal methodology (R&I Evaluation Intelligence); and
- deploying technologies to reduce water consumption across the value chain, notably with the L'Oréal Water Saver in hair salons.

These innovations demonstrate L'Oréal's commitment to offering responsible and sustainable solutions at every stage of product use.

Assessing environmental impacts using SPOT

As part of its sustainability drive, L'Oréal has developed the Sustainable Product Optimisation Tool (SPOT), which assesses the environmental footprint of products throughout their life cycles. Based on the European product environmental footprint benchmark, SPOT assesses 14 impact factors at each stage of the life cycle, from ingredients to use and recycling. These categories include the impact on climate change, water quantity and biodiversity.

As part of its continuous improvement approach, the data collected and the calculation method are constantly evolving. The data collected are then standardised according to the average impact of a consumer worldwide, resulting in a single global environmental footprint for each product.

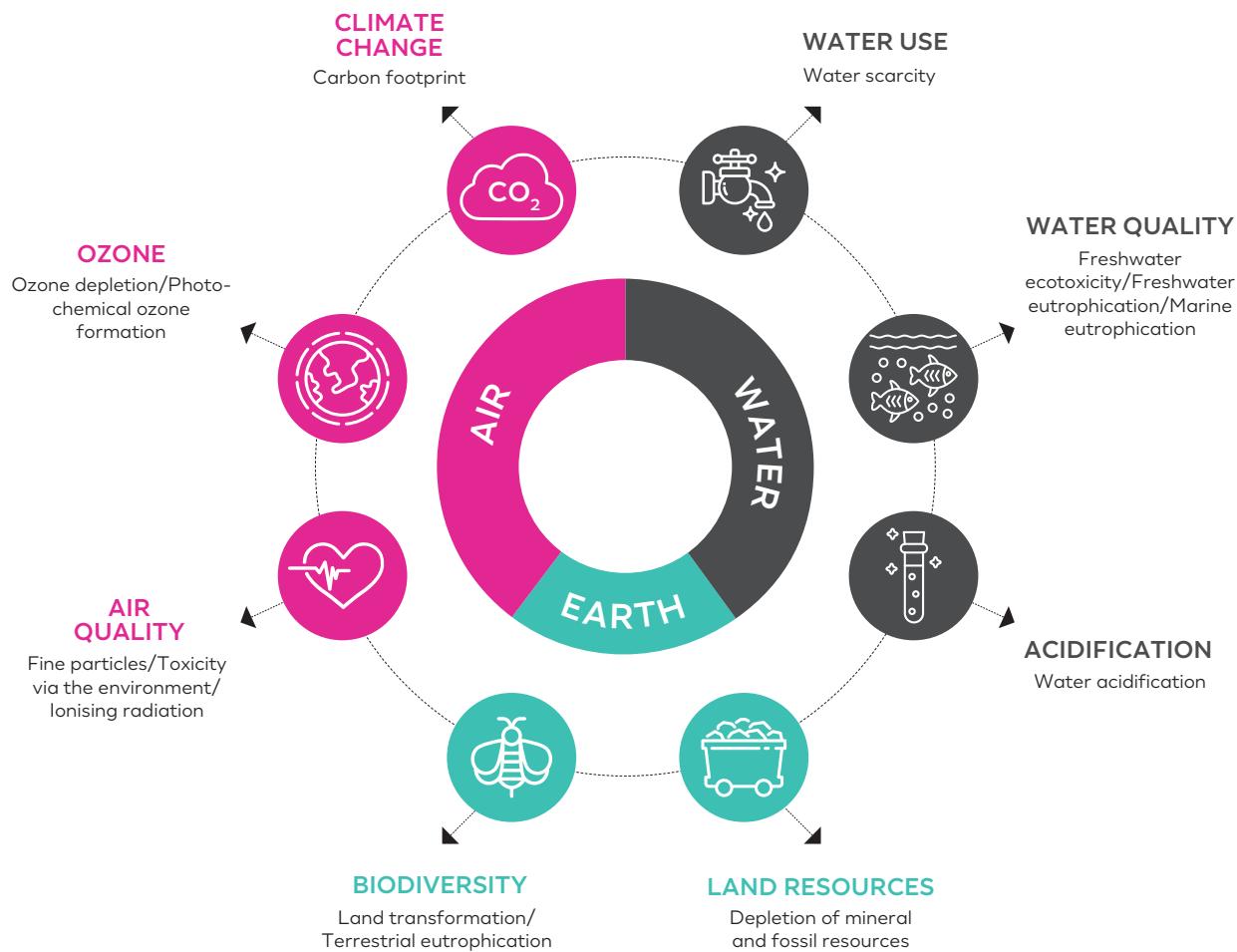
The SPOT eco-design tool helps L'Oréal teams design products with a lower environmental impact. By comparing a product's footprint with a benchmark, the teams are able to identify areas for improvement in terms of formulas and packaging.

This tool supports L'Oréal's commitment to more responsible beauty and is part of a continuous improvement approach aimed at reducing overall environmental impact.

4 – Sustainability Report

Water resources: consumption and withdrawals (E3)

THE 14 IMPACT FACTORS CALCULATED AS PART OF THE SCORING AT EACH STAGE OF A PRODUCT'S LIFE CYCLE⁽ⁱ⁾



(i) The methodology is available at www.loreal.com under "For our products" – "Our product environmental and social labelling".

4.4.4 Outcomes related to water resources

4.4.4.1 CSRD disclosure requirements relating to water consumption (E3-4)

Key performance indicator	2024 outcomes
Total water consumption	972,374 m ³
Total water consumption in m ³ in areas at water risk, including areas of high water stress ⁽¹⁾	353,639 m ³
Total water recycled and reused	877,222 m ³
Water intensity: total water consumption per net revenue on own operations ⁽²⁾	22 m ³ /€ million

(1) Indicator calculated on the Group factories scope.

(2) Financial results, including the turnover (net sales) figures used to calculate this ratio, are set out in detail in section 6.1.

4.5 Biodiversity and ecosystems (E4)

4.5.1 Background

Remaining in tune with the rich diversity of natural ecosystems is essential for L'Oréal, as the Group uses more than 1,500 raw materials from 345 botanical species grown in more than 100 countries.

Aware of the urgent need to preserve and restore biodiversity, L'Oréal organises its activities around two priorities:

- combat deforestation, conversion and the degradation of forestry ecosystems;
- restore degraded ecosystems and regenerate nature.

In concrete terms, L'Oréal has defined the following priority areas to reduce its environmental impact:

- constantly improving the environmental profile of its products;
- prioritising the use of biobased ingredients, mainly from sustainable sources;
- maintaining unchanged the land cover required to produce its plant-based ingredients;
- restoring forest ecosystems linked to its value chain.

4 – Sustainability Report

Biodiversity and ecosystems (E4)

4.5.1.1 Material biodiversity-related impacts, risks and opportunities

Each year, L'Oréal analyses the footprint of biobased materials to determine the extent and condition of the ecosystems linked to these materials. In 2024, a risk analysis for 2030 and 2050 was carried out on all biobased materials, analysing six ecosystem services⁽¹⁾. This analysis was supplemented by a financial assessment of the impacts and

risks identified in respect of revenue or possible costs linked to the Group's business model. These analyses are used to prioritise action plans for the 15 most material biobased materials. These models were developed in collaboration with stakeholders.

Description	Subtopics	Policy	Action plans
<p>I- Since it uses various botanical species in its formulas, L'Oréal could have an impact on certain ecosystems. For example, the agricultural practices required to grow certain raw materials may put pressure on ecosystem services such as pollination and biomass supply.</p> <p>MT / LT</p>	Impacts on the extent and condition of ecosystems	Sustainable purchasing policy	Reducing the impact on ecosystems
<p>R The ecosystem services provided by nature are intrinsically linked to the Group's business model, as many key ingredients such as vegetable oils and plant extracts are sourced directly from ecosystems. The Group models, for example, deteriorated ecosystems (e.g., through deforestation, biodiversity loss or pollution) that could lead to shortages, higher prices and a drop in the quality of ingredients, directly impacting production and therefore the Group's business.</p> <p>MT / LT</p>	Impacts and dependencies on ecosystem services	Forest policy	Restoring biodiversity
<p>O Developing innovative solutions⁽²⁾ to reduce the impact of the beauty industry on biodiversity is a promising investment. These could help reduce the Group's dependence on certain ecosystem services. By responding to growing consumer demand for more responsible products, the large-scale roll-out of these solutions could generate substantial savings. Lastly, diversifying supply sources and working to restore ecosystems may strengthen the resilience of the Group's value chain.</p> <p>ST / MT</p>	Biodiversity loss due to land-use change, fresh water-use change and sea-use change		
	Biodiversity loss due to direct exploitation	L'Oréal Fund for Nature Regeneration	Contribute, through the L'Oréal Fund for Nature Regeneration, to the restoration of one million hectares of degraded ecosystems

○ IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

□ Time horizon: ST = short term; MT = medium term; LT = long term.

4.5.2 Biodiversity policies

As L'Oréal prioritises the use of plant-based ingredients in formulas and packaging, it recognises the crucial role of biodiversity preservation and aims to play its part in supporting it. Mindful of growing biodiversity loss and the increasing pressure on biodiversity-rich ecosystems, the Group is adjusting its organisation so as to strive to ensure:

- the biobased ingredients used in the Group's formulas and packaging materials are traceable and originate from sustainable sources; and
- the land cover required for producing ingredients remains unchanged.

L'Oréal's sustainable purchasing policy (see section 4.9.2.2) promotes an integrated approach, reconciling respect for human rights and the protection of ecosystems. The Group is focusing on regenerative agriculture to restore soil quality and preserve biodiversity, while taking account of the challenges related to climate change.

L'Oréal has mechanisms such as the Speak Up platform and the "palm alert" procedure (see section 4.9.3), designed to facilitate feedback and channel concerns from stakeholders regarding the impact of L'Oréal's activities on shared resources and ecosystems.

The aim of L'Oréal's forest policy (see section 4.9.2.2) is to establish a 100%-sustainable and traceable supply of forestry raw materials, without deforestation or exploitation, while ensuring that the rights of workers and communities are respected. The policy is built around two pillars:

- responsible forest management: encouraging traceable and sustainable sourcing; and
- protection and rehabilitation: supporting the protection and restoration of forest ecosystems, while promoting a sustainable economy for local populations.

(1) Biomass supply, genetic diversity, pollination, ecosystem self-regulation against plant and forest diseases, soil quality/formation, nutrient cycle.

(2) For example, the project for the responsible sourcing of rice bran to small rice producers in the Isaan region in north-east Thailand, which encourages farmers to diversify their income, improve biodiversity and limit the methane emissions generated by rice fields. Thanks to the determination of volunteer farmers, the project has successfully demonstrated to the region's farming community the benefits of agroforestry and how biodiversity and its protection can improve farmers' livelihoods.

The L'Oréal Fund for Nature Regeneration was also set up in 2020 to support projects aimed at restoring natural ecosystems, helping to protect biodiversity on a global scale. The €50 million impact investment fund is managed by Mirova and targets a financial return combined with the creation of environmental and social value. By the end of 2024, out of more than 100 projects initially analysed, 24 had been selected for in-depth study, and 16 had ultimately

benefited from commitments totalling €27 million. Among these projects, ReforestTerra particularly stood out for its ambition to restore 2,000 hectares of land degraded by livestock farming in the Amazon. The innovative project combines the planting of new trees by small-scale farmers and the natural regeneration of forests, encouraged by the creation of "clusters" to attract wildlife and help species spread.

4.5.3 Action plans in place

L'Oréal is taking action to reduce its impact on biodiversity and restore ecosystems. This section details the initiatives launched under this topic, in particular measuring the biodiversity footprint, sustainable sourcing practices and the fight against deforestation.

4.5.3.1 Reducing the impact on ecosystems

4.5.3.1.1 Measuring the biodiversity footprint

Given its role in pollination, air and water purification and soil fertility, to take but a few examples, biodiversity is vital for humanity. The degradation of its ecosystems weakens L'Oréal's own resilience to climate change. To assess its impact on biodiversity, the Group worked with The Biodiversity Consultancy to develop an approach that quantifies land cover through:

- required ground surface: the amount of land used to produce biosourced ingredients; and
- biodiversity loss: impact of agricultural practices on ecosystems.

The assessment is expressed in MSA.ha (Mean Species Abundance), a measurement of biodiversity loss. The approach also takes into account the vulnerability of local species using the Species Threat Abatement and Recovery (STAR) metric, based on data from the International Union for Conservation of Nature (IUCN). This footprint measurement

provides a better understanding of the potential impact on biodiversity within the Group's value chain. Combined with risk analyses, it will enable action plans to be targeted at priority biobased materials.

4.5.3.1.2 Controlling land cover

L'Oréal is striving to ensure that the land cover required to produce its plant-based ingredients remains unchanged. This ambition is based on:

- regenerative agriculture (see section 4.5.3.2.1): supporting suppliers with agricultural practices that are compatible with biodiversity and the soil;
- innovative alternatives: through the Green Sciences programme (see chart below), the Group is exploring biotechnologies and the circular economy as a way of reducing its environmental footprint; and
- support for rehabilitation projects: financing restoration projects for ecosystems linked to the Group's strategic supply chains.

L'Oréal is consolidating these initiatives with ongoing research and the development of assessment methodologies, and is actively involved in international bodies such as the Science-Based Targets for Nature network, the B4B+ club of CDC Biodiversity, and the One Planet Business for Biodiversity (OP2B) collective.

Details of the Green Sciences programme

The Green Sciences programme covers all the scientific fields on which R&D relies to achieve L'Oréal's objectives in terms of the preservation of natural resources and biodiversity. The programme is a prerequisite for sustainable innovation. It focuses on developing ingredients/raw materials around four pillars based on recent developments in life and environmental sciences: sustainable cultivation, biotechnology and fermentation, eco-designed extraction and physical transformation processes, and green chemistry.

Sustainable cultivation involves guiding and implementing agro-ecological cultivation practices within supply chains. By applying these responsible farming techniques with its supplier partners, L'Oréal aims to preserve water resources, contribute to soil health and biodiversity preservation, strengthen carbon sequestration while respecting populations and their ecosystems. Green transformation processes, such as biotechnologies, green extraction, and green chemistry, enable the transformation of raw materials to obtain the necessary ingredients for formulations, and offer responsible and sustainable products to consumers, while respecting safety and performance requirements.

4 – Sustainability Report

Biodiversity and ecosystems (E4)

4.5.3.1.3 Prioritising sustainably sourced renewable raw materials

L'Oréal has developed its sourcing strategy for biobased ingredients around respect for biodiversity, and promoting traceability and sustainability. The ISO 16128 standard on cosmetics defines ingredients as biobased when more than 50% of their carbon content is of biological origin. Ingredient traceability is made possible by precise knowledge of botanical and geographical origin and cultivation methods. Sustainability is assessed using the SCAN Index, which analyses environmental and social risks. If risks are identified, an action plan is put in place, with an independent third party where necessary, to ensure compliance with the Group's sustainable purchasing policy.

4.5.3.1.4 A "zero deforestation" approach

To combat deforestation, L'Oréal is seeking to implement an ambitious forest policy:

- traceability: L'Oréal remains vigilant regarding the origin of its raw materials subject to deforestation risk in order to verify that they are not sourced from deforested areas;
- specific action plans: action plans exist for product types that are particularly sensitive, such as palm oil, soya and wood fibre;
- risk management: an in-depth analysis evaluates the risks associated with supply areas, taking into account alerts from the media, NGOs and other stakeholders; and
- supplier engagement: L'Oréal works with its direct suppliers and throughout the value chain to promote sustainable sourcing practices.

To further transform its value chain, L'Oréal is focusing on two areas:

- industry transformation: working with stakeholders such as the CDP and industry coalitions on sensitive raw materials, particularly Action for Sustainable Derivatives (ASD) in the palm oil sector; and
- projects in the field: direct support for projects, such as in Indonesia and Malaysia to help small producers adopt sustainable practices and qualify for Round Table on Sustainable Palm Oil (RSPO) certification.

Improvement plans are in place with suppliers representing 70% of the volume of raw materials with sustainability challenges, according to the SCAN Index.

4.5.3.1.5 Results by commodity

L'Oréal has put in place specific actions for sensitive raw materials:

- palm oil, palm kernel oil and their derivatives: certified sustainable sourcing (RSPO), traceability to the palm oil mills (via ASD), and the use of tools such as the Sustainable Palm Index to assess suppliers and have them commit to best practices. L'Oréal aims to support small growers and encourage sustainable practices in the sector;

- soya bean oil: purchases in Latin America from certified sources (IP Proterra, RTRS, BIO, Fair For Life); and

- paper and cardboard: for packaging, use of FSC- or PEFC-certified materials, guaranteeing sustainable forest management and transparency of the country of origin.

L'Oréal is a member of the Forest Stewardship Council (FSC) and applies the FSC label to its paper and cardboard packaging. In terms of plastics, L'Oréal cease to manufacture finished goods PVC in 2018.

4.5.3.2 Restoring biodiversity

4.5.3.2.1 Implementing regenerative farming practices among suppliers

Regenerative agriculture is an approach to agricultural systems based on rehabilitation and conservation, and is developed in collaboration with local communities. It is based on four key actions:

- protecting and enhancing biodiversity on and around farms;
- improving or preserving carbon and water retention in the soil, by harnessing the power of plants, livestock and sustainable farming practices;
- strengthening the resilience of crops and nature, while reducing the use of pesticides and chemical fertilisers; and
- supporting the livelihoods of agricultural communities.

L'Oréal is initiating regenerative agriculture pilot projects within its supply chain. A concrete example of this, is an initiative in Indonesian palm plantations, where the Group, partnering with local stakeholders and research centers like CIRAD, is supporting the implementation of eco-friendly agriculture practices. Adapted models are used to restore soil and gradually reduce the use of chemicals, increase yields and raise the incomes of local populations, with the main aim of improving the resilience of natural ecosystems.

4.5.3.2.2 Supporting the regeneration of natural ecosystems

The L'Oréal Fund for Nature Regeneration, a €50 million impact investment fund, supports projects to restore soil and regenerate mangroves, and marine and forest areas. The ambition is to help restore one million hectares of ecosystems by 2030, capture 15 to 20 million tonnes of CO₂ and create hundreds of jobs, while avoiding carbon offsetting solutions. Since 2020, more than one hundred projects have been reviewed in the process of building up the investment portfolio.

4.6 Resource use and circular economy: formulas and packaging (E5)

4.6.1 Background

L'Oréal has integrated the circular economy as a key pillar of its L'Oréal for the Future programme, with the aim of helping to preserve natural resources. L'Oréal is striving to improve its practices throughout the life cycle of its products, from design to end of life. This approach involves the use of

renewable raw materials from sustainable sources or manufactured according to the principles of green chemistry or using biotechnology. For its packaging, L'Oréal is developing solutions to reduce the use of materials and encourage recycling.

4.6.1.1 Material circular economy-related impacts, risks and opportunities

Description	Subtopics	Policy	Action plans
<p>I- Resource-intensive products and packaging, combined with inadequate waste management practices, could be a threat to the environment. The depletion of renewable and non-renewable resources could lead to shortages and disrupt ecosystems. At the same time, the accumulation of waste and industrial pollution, compounded by inadequate recycling infrastructure, could lead to the contamination of soil, air and water, endangering both biodiversity and human health.</p> <p>ST /MT</p>	Packaging policy		Reducing packaging intensity
<p>I+ L'Oréal is pursuing circular practices to strengthen its position as a responsible player, promote stricter sustainability standards and drive collaborative innovation (with the recycling industry, start-ups, NGOs and research bodies). By seeking to improve the recyclability of its products and raise consumer awareness, L'Oréal may help change consumer behaviours. In line with this commitment, L'Oréal also supports the development of recycling solutions, generating jobs and promoting more sustainable solutions for the industry.</p> <p>MT /LT</p>	Resource inflows: formulas and packaging		Using recycled or biobased materials for packaging
<p>R The increasing scarcity of certain resources and constantly changing environmental regulations, such as extended producer responsibility policies, may generate additional costs for L'Oréal, particularly in terms of sourcing, R&I and adapting production processes. L'Oréal must also respond to the growing demand for sustainable and environmentally friendly products. Failure to adapt to this new market reality could damage L'Oréal's brand image, result in a loss of consumer confidence and a drop in sales versus more environmentally advanced competitors.</p> <p>ST /MT</p>	Resource outflows: formulas and packaging	R&I policy	Promote the use of ingredients that are biobased, derived from abundant materials or from circular processes
<p>O Circularity is a rich source of opportunity for L'Oréal. It helps strengthen brand image by responding to growing consumer expectations for sustainable products and practices, attracting new customers and building loyalty among existing ones. Adopting circular business models, such as refill recharging systems, opens up new sources of income while reducing environmental impacts. Committing to sustainability facilitates strategic partnerships with key actors in the value chain, encouraging collaborative innovation and amplifying the positive impact of L'Oréal's own initiatives.</p> <p>MT /LT</p>	Waste from operations	EHS policy for waste management	Reducing waste generation at source
	Circular Innovation Fund		Accelerating development of the circular economy

○ IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

□ Time horizon: ST = short term; MT = medium term; LT = long term.

4 – Sustainability Report

Resource use and circular economy: formulas and packaging (E5)

4.6.2 Circular economy policies

The double materiality assessment highlighted the importance of resources for creating L'Oréal's beauty products, whether ingredients or packaging materials. The Group sources raw materials from suppliers and transforms them into finished cosmetics, making the responsible management of these resources a central tenet of its sustainability strategy.

L'Oréal is also going a step further by moving towards responsible production methods, driven by the policies set out hereafter.

4.6.2.1 Circular packaging policy

L'Oréal has an eco-design policy for its packaging, which is overseen by the Sustainable Packaging Department and is approved by General Management. The Group applies the "reduce, replace and recycle" principle (the 3Rs) for each product launch:

- reduce: make packaging smaller and lighter;
- replace: use alternatives, such as recycled or low-carbon impact materials; and
- recycling: design packaging compatible with recycling circuits.

The Group systematically uses the SPOT eco-design process when developing new products (see section 4.4.3.3).

The packaging policy aims to:

- reduce the intensity of the packaging used for its products compared with 2019;

- use recycled or biobased plastics for the Group's plastic packaging;
- use plastic packaging that is refillable, reusable, recyclable or compostable.

4.6.2.2 Research & Innovation policy to redesign formulas using lower environmental footprint ingredients

L'Oréal is aiming to increase the proportion of ingredients that are biobased, derived from abundant minerals or from circular processes. Use of these types of ingredients and processes, as well as the development of formulas with biodegradable materials, are a priority. This ambition is in line with the R&l policy described in section 4.3.2.

4.6.2.3 Using the EHS policy to reduce waste generation

As part of its EHS policy, L'Oréal is striving to ensure that its sites reduce and recycle waste (see section 4.3.2.1). The sites operated by L'Oréal produce various types of waste, ranging from packaging waste (cardboard, plastic and metal) to waste generated during the manufacturing and packaging processes, including sludge from wastewater treatment plants. In addition to this industrial waste, they also generate waste from office activities and, to a lesser extent, specific waste from laboratory activities. Each site is aiming to recycle or reuse 100% of the waste it generates and reduce waste production by 30% compared to 2019, within the broader ambition of zero waste to landfill.

4.6.3 Action plans in place

4.6.3.1 Action plans for circular packaging

The Group has four different aspects to its action plan aimed at reducing the environmental impact of its packaging: reducing intensity, using recycled materials, promoting circular formats and developing collection and recycling channels.

4.6.3.1.1 Reducing packaging intensity

L'Oréal is working on reducing the weight and volume of packaging so as to diminish its impact. Every year, new initiatives are launched to optimise the use of materials in existing products by making them lighter.

L'Oréal is also speeding up the development of refillable formats: it encourages innovation to offer more refill systems, whereby consumers can reduce the use of resources.

4.6.3.1.2 Using recycled or biobased materials for plastic packaging

L'Oréal is striving to gradually eliminate the use of fossil-based virgin plastics in its packaging. To achieve this, the Group is working with its packaging and recycled plastics suppliers, ensuring that the supply chain complies with its social and environmental standards:

- social audits: suppliers of recycled plastics located in high-risk countries are subject to social audits to verify that they are compliant with Group standards;
- ethical commitment: recycled plastics producers sign a Mutual Ethical Commitment Letter, confirming that they respect shared environmental and social criteria.

L'Oréal is also working to replace some fossil-based virgin plastics with sustainable alternatives, such as composite and biobased materials. Many of the Group's brands now use packaging that contains a significant proportion of recycled materials, including plastic, glass, paper and aluminium.

In addition, the Group is also a member of the Ellen MacArthur Foundation's The New Plastics Economy, which aims to apply circular economy principles to plastic packaging flows, so that they are reused or recovered rather than thrown away.

4.6.3.1.3 Promoting refillable, reusable, recyclable or compostable packaging

In order to improve recyclability and the reusable offering, the Group is gradually eliminating elements that interfere with recycling, such as certain opaque materials and metal components in plastics. For example, refills are available on the major ranges of plastic bottles.

These initiatives aim to maximise the use of existing packaging and encourage the adoption of circular economy principles in consumer habits.

Shaping the future of sustainable packaging with SPICE

Since 2017, the Group has used SPOT (see section 4.4.3.3) to assess products based on their packaging, formulas and production, thereby optimising their sustainability.

In 2018, in collaboration with the specialist environmental strategy firm Quantis, L'Oréal launched the Sustainable Packaging Initiative for Cosmétics (SPICE) initiative. This project aims to share research and results across the cosmetics industry, with a view to determining common methods for assessing the environmental footprint of packaging. L'Oréal shares its own SPOT packaging methodology through the SPICE initiative.

The www.Open-Spice.com platform is used to monitor research and results, as well as the upcoming work plan. The SPICE initiative now has more than 34 international members and promotes the sharing of best practices to boost sustainability in the cosmetics industry.

4.6.3.2 Action plans for formulas containing circular-based ingredients

L'Oréal is accelerating the circularity of its formulas through three major actions:

- transitioning raw materials: the Group is implementing an ambitious transformation plan, replacing petrochemical-based raw materials with biobased alternatives derived from abundant minerals or circular processes. L'Oréal is actively working to define a framework for ingredients derived from circular processes and is mapping the relevant technologies;
- Green Sciences programme (see chart in section 4.5.3.1.2): the Green Sciences programme is a sustainable innovation programme focusing on developing raw materials using practices that do not harm the soil, water or biodiversity;
- strategic partnerships: L'Oréal is forging alliances with biotech start-ups in France and abroad to speed up the adoption of sustainable and circular solutions in its formulas. The Green Sciences programme covers all the scientific fields on which R&D relies to achieve L'Oréal's objectives in terms of the preservation of natural resources and biodiversity.

4.6.3.1.4 Developing collection and recycling channels

L'Oréal works with its partners (governments, suppliers, distributor customers and consumers) to set up collection and recycling channels, particularly in countries where the relevant infrastructure remains underdeveloped.

The Group supports Extended Producer Responsibility (EPR) initiatives that encourage companies to design more sustainable and recyclable products and packaging, while promoting efficient waste management systems.

4.6.3.3 Action plans to preserve resources and reduce waste at operated sites

4.6.3.3.1 Reducing waste generation at source

L'Oréal is mobilising its entire value chain to reduce waste at source through:

- eco-design of products, packaging and packaging components, aimed at reducing waste and improving recyclability;
- waste mapping: internal tools for analysing waste on operated sites, which are used to push waste reduction action plans;
- optimisation of transport packaging and use of returnable packaging between production facilities and suppliers, to limit supply chain waste;
- continuous process improvement for manufacturing and packing in order to reduce manufacturing waste; and
- managing stock obsolescence to minimise the number of products thrown away, with initiatives including the use of outlets, employee sales and donations to charities.

4 – Sustainability Report

Resource use and circular economy: formulas and packaging (E5)

4.6.3.3.2 Reusing and recycling waste

To target 100% material recovery from waste through reuse and recycling by 2030, L'Oréal has set up:

- waste mapping to identify material recovery opportunities;
- employee training and awareness raising on the need to sort waste at source;
- resource preservation measures, by seeking out reusable or recyclable alternatives;
- partnerships with waste treatment companies to jointly develop recycling solutions for unmarketable products; and
- industrial sludge management under a Group procedure for determining alternative material recovery options.

The 100% reuse and recycling goal is part of the Group's overall circular economy approach, which promotes local waste treatment to reduce environmental impact and create synergies with other local organisations.

4.6.3.3.3 Achieving the "zero waste to landfill" objective

Since 2017, L'Oréal has been pursuing the ambition of "zero waste to landfill" for all its sites (unless required by regulation). The Group works with specialist firms and local authorities to identify the best waste treatment solutions. In countries where landfill is required by law, or where the type of waste in question must be stored in landfill, the Group strives to reduce the quantities involved to the extent possible. L'Oréal monitors regulatory constraints very closely and action plans are in place aimed at achieving zero waste to landfill as quickly as possible.

4.6.3.3.4 Accelerating development of the circular economy

L'Oréal is actively committed to developing the circular economy through:

- the Circular Innovation Fund (CIF): conscious of the growing pressure on natural resources and the global waste crisis, at the end of 2020 L'Oréal set up a global investment fund dedicated exclusively to the circular economy. It aims to finance companies that are innovating in the areas of recycling, plastic waste management and materials from the bioeconomy. The fundraising was completed at the end of 2023, with €111 million raised and 12 co-investors. As the primary sponsor of the CIF, L'Oréal is committed to investing a total budget of €50 million in this Fund;
- the fight against food waste: L'Oréal's company restaurants donate surplus food to non-profits such as Restos du Cœur and Le Chaînon Manquant, with 4,420 meals donated in 2024 and 1,109 meals sold to Group employees via "too good to go" type platforms, helping to reduce food waste;
- awareness-raising and sustainable practices: L'Oréal promotes environmentally conscious eating practices to its employees in company restaurants, by recovering 100% of food waste and adapting the quantities served. For example, the Paris sites have launched initiatives to reduce the use of plastic and recover cooking oil by transforming it into biofuel, earning external *Mon restau responsable* certification.

4.6.4 Resource use and circular economy-related outcomes

4.6.4.1 Outcomes related to resource inflows (E5-4)

Key performance indicator	2024 outcomes
Overall total weight of products and technical and biological materials used during the reporting period – primary and secondary packaging	306,477 tonnes
Overall total weight of products and technical and biological materials used during the reporting period – formulas	1,203,544 tonnes
Percentage of total weight of ingredients that are biobased and from sustainable sources	18%
Percentage of total weight of packaging materials that are biobased and from sustainable sources	11%
Weight of recycled packaging components in absolute terms	78,375 tonnes
Weight of recycled packaging components as a percentage	26%

4.6.4.2 Outcomes related to resource outflows (E5-5)

Key performance indicator	2024 outcomes		
Percentage of recyclable content in packaging			53%
Total amount of non-recycled waste			50,462 tonnes
Percentage of non-recycled waste			31%
2024 outcomes in tonnes	Total waste	of which hazardous	of which non-hazardous
TOTAL WASTE	164,938	23,373	141,565
Recovered waste:	156,907	18,902	138,005
Waste recovered through preparation for reuse	4,699	1,597	3,102
Waste recovered through recycling	109,777	3,575	106,203
Waste with other recovery operations – energy recovery	42,430	13,731	28,699
Waste directed to disposal:	8,032	4,471	3,561
Waste disposed of by incineration	7,222	4,398	2,825
Waste sent to landfill	810	74	736
Waste disposed of by other disposal operations	-	-	-

4.7 Own workforce (S1)

4.7.1 Background

By putting people at the heart of its organisation, L'Oréal aspires to create an inspiring, innovative and inclusive working environment where all employees can thrive and at the same time contribute to the Group's sustainable growth.

The human relations (HR) policies L'Oréal has been implementing for many years support this ambition, built around two priorities: (i) care for the development of each employee through ongoing training, stimulating career paths and, for some, international opportunities; and (ii) a unique social model that combines competitive social benefits and sharing the fruits of growth.

Against this backdrop, and with a view to meeting the challenges of a world undergoing profound change, which are having an impact on both the organisation of work and attitudes towards it, the Group has for a long time been taking steps to prevent and anticipate the associated risks. It offers employees⁽ⁱ⁾ an attractive, dynamic and secure environment in which to develop.

This section specifically addresses the material issues, policies, action plans and outcomes related to L'Oréal's employees, with a focus on working conditions, well-being and diversity, equity and inclusion, on which the Group's people model is founded.

(i) This section covers all L'Oréal employees, including non-active employees (in particular those on long-term sick leave, notice of departure, early retirement, extended unpaid leave), as well as interns and apprentices, who are considered according to their status under local law.

4 – Sustainability Report

Own workforce (S1)

4.7.1.1 Material impacts, risks and opportunities related to own workers

Description	Subtopics	Policy	Action plans
WORKING CONDITIONS			
<p>I- L'Oréal recognises the importance of constructive social dialogue for fostering a calm and fulfilling working environment. Insufficient social dialogue could give rise to tensions and affect the workplace environment, leading to a negative impact on employee well-being and the company's performance.</p> <p>I- L'Oréal recognises that poor working conditions or inadequate wages could have a negative impact on employee physical and mental well-being, as well as motivation.</p> <p>I- L'Oréal recognises that poor working conditions can pose a risk to the health and safety of its employees.</p> <p>I+ MT/LT By promoting an inclusive, fair and fulfilling working environment, L'Oréal can have a positive impact on its employees' lives. It strives to improve employee well-being, strengthen their sense of belonging and create a positive, high-performance working environment.</p>	<p>Social dialogue</p> <p>Freedom of association</p> <p>Collective bargaining</p> <p>Adequate wages</p> <p>Health and safety</p>	<p>Employee Human Rights policy</p> <p>Share & Care Code of Ethics</p> <p>EHS policy</p> <p>Share & Care</p>	<p>Respecting social dialogue, freedom of association and collective bargaining</p> <p>Commitment to adequate wages for all employees</p> <p>Ensuring occupational health and safety</p> <p>Ensuring all eligible employees are covered</p>
EMPLOYEE WELL-BEING AND RETENTION			
<p>I+ MT/LT By promoting work-life balance and investing in its employees' skills development and employability, L'Oréal can create a fulfilling and stimulating working environment. This approach fosters employee well-being, satisfaction and loyalty while preparing them for the future challenges facing both the Group and society as a whole.</p>	<p>Work-life balance</p> <p>Training and skills development</p>	<p>Share & Care</p> <p>HR policy</p>	<p>Promoting work-life balance</p> <p>Training employees, developing their skills and employability</p>
DIVERSITY, EQUITY AND INCLUSION			
<p>I- ST/MT L'Oréal strives to offer its employees a safe and respectful working environment, where everyone feels protected from all forms of violence and harassment. L'Oréal recognises that a lack of concrete and effective measures to deal with such situations could create a harmful working environment which negatively impacts employee well-being and mental health (stress, anxiety, depression, and even traumatic disorders), as well as performance and personal fulfilment. Similarly, a lack of diversity, equity and inclusion could lead to risks of inequality and discrimination, including gender pay gaps and low accessibility. This could have an impact on employees' access to employment and career opportunities, professional development, well-being and engagement.</p> <p>I+ ST/MT By providing an inclusive, fair and fulfilling working environment, L'Oréal can have a positive impact on its employees' lives. Built on strong ethical principles, such a working environment could ensure the physical and psychological safety of all employees, thereby fostering mutual trust and respect. The Group encourages diversity across its teams, which stimulates innovation and creativity. In addition, L'Oréal's policy is to offer equal career opportunities for all, and prohibits any discrimination related for example to gender, gender identity and sexual orientation, disability, age, political and philosophical opinions, religious beliefs, trade union membership, ethnic, social, cultural or national origins and any other discrimination prohibited under national legislation.</p>	<p>Diversity</p> <p>Gender equality and equal pay for work of equal value</p> <p>Employment and inclusion of persons with disabilities</p> <p>Measures against violence and harassment in the workplace</p>	<p>Diversity, equity and inclusion policy</p> <p>HR Policy</p> <p>Employee Human Rights policy</p> <p>Code of Ethics</p>	<p>Promoting diversity, equity and inclusion at all levels of the Company</p> <p>Achieve equal pay for work of equal value</p> <p>Ensuring respect for human rights in the workplace</p>

○ IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

□ Time horizon: ST = short term; MT = medium term; LT = long term.

4.7.1.2 Global strategy for an attractive, dynamic and safe working environment

Fundamentally committed to workplace innovation, an integral part of its DNA, L'Oréal is continually transforming its working methods and management culture. Taking care of employee well-being and employability enhances commitment, which in turn strengthens collective performance. Through a range of ambitious policies, L'Oréal has raised employee social protection to the highest standards (e.g., ILO standards) in more than 60 countries.

Human relations are governed by the Chief Human Relations Officer, who reports to the Chief Executive Officer. Human relations governance is responsible for defining an appropriate action plan and ambitions. Effective application of the human relations (HR) policy is monitored regularly through performance indicators, which are audited on an annual basis. The Board of Directors, especially through the Human Resources and Remuneration Committee, oversees the implementation of the HR policy, including employee relations, recruitment, diversity, talent management and the remuneration of senior executives.

The HR teams play a key role in transforming working methods and in recruiting and supporting employees throughout their career, with a clear emphasis on training and skills development.

L'Oréal ensures that all of its employees understand the Group's rules and principles. All new employees receive a copy of the Code of Ethics and must confirm that they have read it.

Lastly, the Group has set up various channels that employees can use to raise concerns or report breaches of Group policies in complete confidence. These include the reporting line, the Speak Up platform (see section 4.13.2) – a secure, anonymous website with a system on hand around the clock and available

in 30 languages (www.lorealspeakup.com), and the network of designated people authorised to receive reports. Employees are informed of the existence of the Speak Up programme, in particular through an e-learning course on ethics and human rights that is available and compulsory for all of the Group's new hires, as well as through awareness-raising initiatives such as the annual Ethics Day. These mechanisms are designed to ensure fair and confidential treatment and protection from retaliation in compliance with national legislation in the countries where the Group operates. Any allegations expressed in good faith are examined in detail and adequate remediation measures are taken, if applicable.

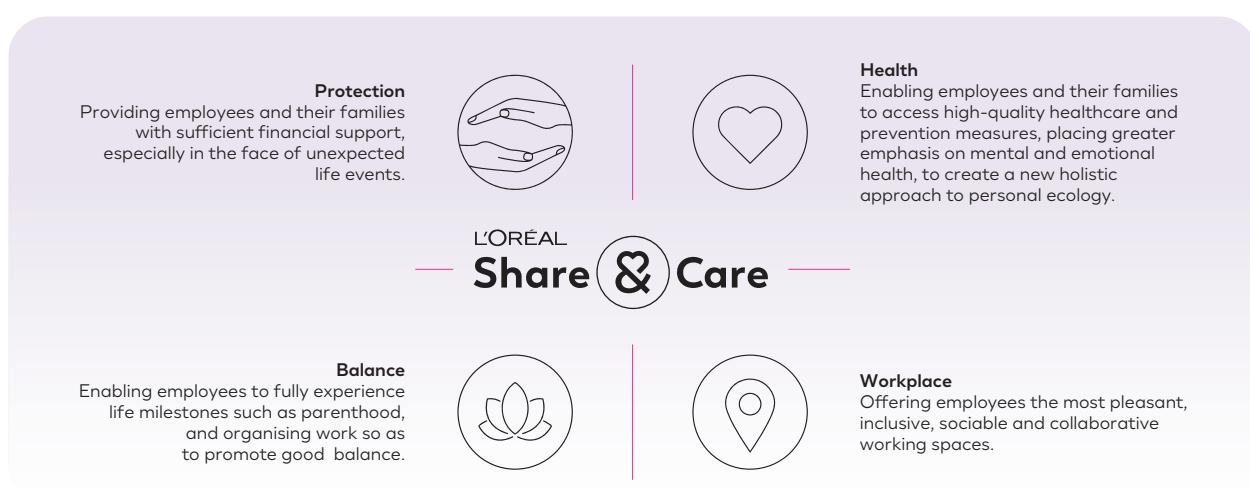
4.7.1.2.1 Share & Care programme: developing social innovation

Created in 2013, Share & Care aims to provide high-quality social protection for employees, ensure their health, encourage their professional and personal development, and create an attractive working environment. L'Oréal firmly believes that sustainable growth and a strong social performance go hand in hand, and has therefore decided to apply its workplace model throughout the Group.

Its ambition is threefold:

- ensuring a common basis of social protection with minimum guarantees in all subsidiaries;
- being an employer of choice in each market, aligning with local best practices where they exceed the common standard; and
- transforming each subsidiary into a "social innovation laboratory" that encourages local initiatives.

The programme is built on four pillars: social protection, health, work-life balance and the working environment, and is regularly updated to keep pace with societal developments and evolving employee needs.



4.7.2 Information on working conditions

4.7.2.1 Policies

4.7.2.1.1 HR policy in the area of social dialogue, freedom of association and collective bargaining

L'Oréal is committed to respecting its employees' human rights in line with international standards, drawing inspiration from the Universal Declaration of Human Rights, ILO conventions, OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. As a signatory of the United Nations Global Compact since 2003, the Group places these commitments at the heart of its HR policy.

L'Oréal is careful to ensure that social dialogue, freedom of association and the right to collective bargaining are respected across the Group. The Executive Director of Labour Relations and Social Innovation, who reports directly to the Chief Human Relations Officer, oversees this policy by ensuring:

- elections to employee representation bodies are organised without interference;
- workers' representatives have access to work premises and employees, subject to confidentiality and safety; and
- alternative forums for dialogue are available in countries where freedom of association is restricted, since L'Oréal prohibits any discrimination⁽¹⁾ related to union activities.

The Group organises events such as the annual Ethics Day alongside regular town halls to encourage discussion, experience sharing and feedback. In addition, an annual PULSE survey is carried out, collecting feedback from employees on their experience working for the Group so that it can be improved.

L'Oréal ensures that workers' representatives can operate effectively in all of its host countries, even where union rights are limited. The Group maintains dialogue with workers' representative bodies in the majority of its subsidiaries in Europe, Asia, Africa and the Americas.

Since 1996, a collective bargaining agreement has been in place between L'Oréal and the European trade unions. This led to the creation of the European Works Council, which has 30 members representing 26 countries. This body provides a platform for ongoing dialogue with General Management regarding the Group's challenges.

4.7.2.1.2 Living wage policy

L'Oréal guarantees that all employees are paid a minimum wage in accordance with local laws and collective bargaining agreements. It also ensures that salaries are living wages and cover basic needs linked to housing, healthcare, food and education. This commitment was made within the framework of the Employee Human Rights policy in 2020, and reiterated in the Share & Care programme.

4.7.2.1.3 Health and safety policy

L'Oréal's environment, health and safety policy is an integral part of its EHS strategy (see section 4.3.2). L'Oréal aims to develop a culture of safety throughout its value chain, making the health, safety and well-being of employees and suppliers non-negotiable priorities.

Managers and employees all play an instrumental role in devising and implementing action plans to manage risks and continuously improve results. Responsibility for implementing the policy lies with the Group's subsidiaries and sites, which helps to ensure that risks are effectively prevented for employees. Further information on the policy's governance is presented in section 4.3.2.

4.7.2.2 Action plans

4.7.2.2.1 Respecting social dialogue, freedom of association and collective bargaining

L'Oréal takes care to ensure that employees' rights to social dialogue, freedom of association and collective bargaining are respected. Each year, collective bargaining agreements are signed with workers' representatives. In addition, L'Oréal carries out audits and verifications to ensure that working conditions respect these fundamental rights. In 2024, 30 industrial sites underwent a human rights (including freedom of association) audit by expert external auditors. In the event of non-compliance, a remediation plan is put in place and the site is audited again in the following weeks or months by the same specialist independent auditor.

4.7.2.2.2 Living wages for employees

L'Oréal regularly conducts an in-depth review of its wage policy to ensure that its employees' salaries are living wages. In 2024, for the second year in a row, the Group was certified globally by the NGO Fair Wage Network⁽²⁾ as a "Living Wage Employer", demonstrating that its employees are paid more than the living wage defined for each country. This commitment includes an annual inflation review and, where necessary, an adjustment is applied to align wages with the local cost of living. The certification is valid until 16 December 2025 inclusive.

4.7.2.2.3 Ensuring occupational health and safety

L'Oréal's vision aims for a zero-accident environment, as the Company firmly believes that all accidents can be avoided. Its goal for 2030 is to have an Enlarged Total Incident Rate (eTIR) of less than 0.6 at its operated sites. To achieve this ambitious target, L'Oréal is focusing on the following priorities:

- transparent reporting on accidents, ensuring psychological security: this enables L'Oréal to learn continuously from all incidents and near misses, to monitor injuries and illnesses, and to involve its teams at all levels of the organisation in proactively improving safety;
- regular updates to risk assessments through audits (see section 3.5.5.2) and implementing the most demanding standards and best practices. L'Oréal strives to reduce risks and minimise the potential impact of any incident, focusing particularly on risks with the most serious consequences. Risk analysis is carried out using tools such as the Global Hazard Assessment Procedure (GHAP) and the Safety Hazards Assessment Procedure (SHAP);

(1) L'Oréal prohibits any discrimination related to gender, gender identity and sexual orientation, disability, age, political and philosophical opinions, religious beliefs, trade union membership, ethnic, social, cultural or national origins and any other discrimination prohibited under national legislation.

(2) International NGO which provides the Group with a database on living wages in 200 countries, and assists it with the strategy for implementation by the Operations division as regards strategic suppliers.

- definition and annual adjustment of specific action plans to keep the rate of recordable work-related accidents below 0.6 by 2030. If every accident is one too many, this objective will lead the Group to reduce its number of accidents by almost 50%. This remains an ambitious target, given the efforts already made in this area in recent decades, but also avoids the pitfall of a possible lack of transparency in the context of a zero-accident objective;
- visible involvement of management at all levels (see section 4.3.2) through steering committees and reviews of safety improvement opportunities (SIO), which are a chance for employees to inform their direct managers of situations considered to be at risk so that remedial measures can be taken, or the use of the MESUR (Measuring Effectively Safety Using Recognition) tool, a programme based on systematic and structured meetings between line managers and employees to develop employees' ability to identify risks in the course of their daily activities along with their capacity to act on those risks. The programme is based on regular visits by two managers, one responsible for the sector and the other for the person visited. The site manager is responsible for implementing the MESUR programme, while the EHS manager is responsible for monitoring the programme and certifying the managers making the visits. Managers at all levels and in all departments can carry out MESUR visits. Application of the programme is assessed during L'Oréal's risk culture audits and forms the basis of a continuous improvement cycle;
- targeted programmes to reduce frequent incidents, including, among others, the LIFE programme (Life changing Incidents or Fatality Events), which targets activities which, if not controlled, could lead to a potentially serious accident, Safe@Work-Safe@Home, which aims to export L'Oréal's health and safety culture outside the Group, and Road Safety, which applies a strategy and assessment system that provides a holistic approach to road risks;
- compliance with Group standards and local regulations;
- specific training programmes for managers, EHS managers, operators and employees;
- continuous improvement of Health and Safety management systems, which are permanently updated by an intricate combination of feedback from governance audits,

certification audits and IT audits, experience of accidents and near misses, and discussions with EHS teams, all at Group, Zone and site level. In 2024, a new EHS culture roadmap was put in place to assess the safety culture at each operated site and research centre against L'Oréal's guidelines and objectives. The roadmap consists of a six-pillar approach covering elements such as employee participation and management involvement in EHS. At the same time, the LIFE programme has been updated to keep pace with changes in the Group's guidelines and management systems. This programme is designed to manage the most material health and safety risks associated with L'Oréal's activities. Finally, as part of the continuous improvement cycle, the LIM (L'Oréal Incident Management) tool was launched, consolidating reports and lessons learned from accidents and near misses at all Group sites;

- active employee involvement in risk prevention;
- sharing of feedback and best practices between sites; and
- ISO 45001 certification covering 97% of manufacturing facilities, with a recommendation to have all sites certified. Certification demonstrates the ability of the Group's plants to implement a robust Health and Safety management system throughout their operations.

Beyond the numbers, L'Oréal works to maintain a genuine safety-first culture built on proactive risk management, a commitment to excellence and best practice sharing, both inside and outside the Group. In-depth incident analysis of incidents using the Root Cause Analysis (RCA) method is a key pillar of this commitment, with a detailed investigation carried out into every accident and serious incident. A Safety Awareness Communication alert is subsequently shared at Group level to ensure that such incidents do not occur again.

L'Oréal applies stringent control standards tailored to the type of risk at hand, and ensures that the appropriate prevention tools are used to guarantee its employees' safety.

To maintain its high-performance culture, L'Oréal uses an internal global reporting tool to monitor various metrics. The tool centralises all EHS data, including accidents as well as environmental and quality metrics. The tool is updated each month and the metrics rigorously monitored through an audit programme covering health and safety risk and culture, which is described in section 4.3.2.1.

4.7.3 Information on employee well-being and retention

4.7.3.1 Policies

4.7.3.1.1 Work-life balance policy

L'Oréal places great emphasis on work-life balance through its Share & Care programme (see section 4.7.1.2.1). The aim is to enable all employees to enjoy major life events to the full while fostering a harmonious working environment. To achieve this objective, L'Oréal strives to:

- grant maternity, paternity, adoption and caregiving leave; and
- offer flexible working arrangements to improve work-life balance.

4.7.3.1.2 Training and skills development policy

L'Oréal firmly believes that collective success is driven by individual skills. It therefore offers employees training throughout their careers to help them evolve in a constantly changing environment. This policy, which is one of the components of the human relations policy, pulls on two levers:

- encouraging employees to take responsibility for their own training and development; and
- providing a personalised training experience, enabling employees to acquire and strengthen key skills.

The People Development & Learning department organises an annual series of strategic meetings with global, regional and local teams to identify priority skills and develop appropriate training programmes, which are then rolled out by human relations teams at the local level.

Actions are deployed to ensure the policy is being implemented satisfactorily and objectives are being achieved. These include two business reviews a year with the dozen largest countries, and a "Must-do dashboard" measuring the percentage of completion of the programmes identified. The policy is communicated to the People Development and Learning team and to the HR Leads in each country (via an initial e-mail giving details on metrics and a second e-mail dealing with budget plans and follow-up).

4.7.3.2 Action plans

4.7.3.2.1 Promoting work-life balance

To help employees achieve a work-life balance, L'Oréal has implemented a number of measures to enable them to balance their career with major events in their personal lives. These measures include:

- at least 14 weeks' maternity/primary parent leave;

- "Schueller leave" (in France), which extends maternity (or primary parent) leave to 20 weeks, including four additional weeks where the company provides full pay. This leave can be taken in full when the baby is born, or in shorter periods up until the child's third birthday. The same applies to adoption leave;

- at least six weeks' paternity/secondary parent leave;
- at least one day of paid leave per year for family events (marriage, bereavement, etc.);
- at least three days of paid leave for caregivers;
- option to work remotely for up to two days a week subject to agreement with line management and provided it is compatible with team organisation.

These measures aim to support employees at each major event in their lives, with minimum guarantees in place for maternity, paternity and co-parenting leave, which are valid in all countries where L'Oréal operates. To be eligible for these benefits, employees must have an indefinite-term employment contract or a temporary employment contract with the Group for a term of at least 12 consecutive months.

4.7.3.2.2 Training employees and developing skills

L'Oréal's training activities are built around three main areas:

1. **offering training that is essential for the Group's development:** known as "Job Musts", these training programmes are compulsory for employees taking up new positions. They ensure that all employees are equipped with the same foundations and methods, so that skills are aligned throughout the Group;
2. **equipping employees with the skills of tomorrow:** the aim is to enable employees to adapt to the transformations taking place in society, particularly in areas such as generative artificial intelligence, data and sustainability. These training courses are offered through L'Oréal University, which all employees have access to; and
3. **providing personalised training:** as part of the CONNECT process, employees meet regularly with their manager to set objectives and assess their progress. Supported by the new centralised ONE LEARNING platform, this personalised approach allows all employees to build a development plan that is tailored to their own needs and aspirations.

In addition to these personalised training programmes, the training teams carefully monitor employee participation in compulsory training courses using specific dashboards and e-mail reminders.

4.7.4 Information on equal treatment and opportunities

4.7.4.1 Policies

4.7.4.1.1 Diversity, equity and inclusion policy

The Group sees diversity as an invaluable asset and a contributor to strong social and economic performance, and strives to create teams that reflect the diversity of its consumers, as well as a fair and inclusive working environment for all its employees.

The Global Chief Diversity, Equity & Inclusion Officer, who reports directly to the Chief Human Relations Officer, draws up the strategy and sets the policy's major objectives. A network of diversity, equity and inclusion Leads in each country, business and Division ensures that the policy is applied and adapted to local contexts.

The Group monitors the effectiveness of diversity, equity and inclusion initiatives through annual reviews based on specific indicators and the results of internal surveys such as the Pulse Self-ID⁽ⁱ⁾, enabling the measures to be adjusted where necessary.

The diversity, equity and inclusion policy is built around four main themes:

- socio-economic and multicultural diversity: promote and increase socio-economic and multicultural diversity in the Group's teams;
- physical, mental and social well-being: facilitate the inclusion of people with disabilities, by addressing both visible and invisible disabilities, mental health, chronic illnesses and neurodiversity, with a minimum target for the number of employees with disabilities in all countries;
- age and generations: value and take into consideration people of all ages and generations; encourage dialogue and cooperation among employees of different generations;
- gender equity and LGBTQIA+ inclusion: achieve gender parity across the company; contribute to the establishment of more inclusive environments in favour of the LGBTQIA+ communities worldwide; act against any type of harassment or violence, particularly sexism, sexual harassment and gender-based violence.

Recognition for the Group's diversity, equity and inclusion policy

L'Oréal's concrete commitments to diversity, equity and inclusion, have been recognised in several international indices and rankings, including the FTSE Diversity & Inclusion Index 2024 Top 100 and the 2024 Equileap Gender Equality Global Report & Ranking. The Group has also won recognition for its commitment to the inclusion of persons with disabilities, with L'Oréal being named a "Best Place to Work for Disability Inclusion" in several countries in the 2024 Disability Equality Index.

4.7.4.1.2 Equal pay HR policy

L'Oréal carries out a quantitative analysis of gender pay gaps in its aim to achieve equal pay. The Chief Human Relations Officer oversees this analysis, which is shared each year with the Human Resources and Remuneration Committee, the Board of Directors and the HR Directors of the different Zones.

L'Oréal aims to limit unjustified gender pay gaps to within a range of 5% above and below.

As different countries legislate on equal pay for men and women, the Group anticipates and analyses the various requirements in order to determine the most ambitious practices applicable to all countries.

4.7.4.1.3 Human rights policy: no violence or harassment in the workplace

In line with its human rights policy, which is based on the OECD Due Diligence Guidance for Responsible Business Conduct (see section 4.9.2.1) and on the Code of Ethics,

L'Oréal is committed to providing its employees with a safe and respectful working environment. To do so, the Group:

- aims to eliminate all forms of violence and harassment in the workplace, including sexual, psychological and physical harassment, as well as discrimination and intimidation;
- undertakes to prevent violence and harassment by raising employee awareness of such issues and creating a corporate culture based on mutual respect; and
- strives to ensure that all complaints of violence and harassment are dealt with diligently, confidentially and impartially (see the Speak Up programme in section 4.13.2.1).

L'Oréal's ultimate aim is to foster a working environment where everyone feels safe, respected and valued. The annual "Pulse" survey features 50 questions for employees on various topics of the human rights policy and enables L'Oréal to assess how well this policy is being applied. The Group encourages its employees to report any acts of violence or harassment and undertakes to protect them from any form of retaliation.

⁽ⁱ⁾ Pulse Self-ID: optional "self-identification" questions included in the Pulse annual employee survey, as an anonymous opportunity for employees to share the way they identify.

4.7.4.2 Action plans

4.7.4.2.1 Turning our differences into opportunities

L'Oréal aims to promote diversity, equity and inclusion at all levels of the company:

Socio-economic and multicultural diversity:

- diversifying sources of recruitment, with the annual objective of recruiting at least 20% of talent under the L'Oréal SeedZ Management Trainee Programme from non-partner schools and universities as part of the L'Oréal for Youth programme;
- educating employees about socio-economic and multicultural diversity and combatting racism, in particular through dedicated online training; and
- helping refugees find work by offering employee mentoring opportunities and participating in job fairs for refugees.

Disability and physical, mental and social well-being:

- working with specialised partners to employ persons with disabilities, with the objective of them representing 2% of the Group's workforce by 2025 (see section 4.7.5.5);
- supporting employees who have suffered accidents, illness or worsening disability;
- raising employee awareness and providing relevant training to create an inclusive working environment, while encouraging employees to inform the Group of any disabilities so that their work stations and working conditions can be appropriately adapted;
- improving workplace and digital accessibility through specific guidelines and training; and
- working with associations, NGOs and experts, as well as the sheltered employment sector, to improve the inclusion of people with disabilities.

Age and generational diversity:

- combatting age-based stereotypes through awareness-raising and training initiatives;
- creating a fulfilling working environment for all generations, from day one through to retirement, thanks to the L'Oréal For All Generations programme which is being gradually rolled out;
- raising awareness about menopause.

Gender equity and LGBTQIA+ inclusion:

- achieving gender equity, with an annual target of maintaining at least 40% women or men in strategic positions⁽¹⁾ (see section 4.7.5.3);
- rolling out an anti-domestic violence policy at all Group entities, as part of the Share & Care programme;
- encouraging external gender equality certification (GEEIS⁽²⁾ and EDGE⁽³⁾); and
- running awareness-raising campaigns on the inclusion of LGBTQIA+ people in the workplace.

Training is a key pillar of the Group's diversity, equity and inclusion policy. L'Oréal offers a wide range of in-person and online training courses to its employees. The modules cover topics such as inclusive leadership, with a number of them forming part of specific training programmes (onboarding, marketing, HR, etc.).

4.7.4.2.2 Equal pay for work of equal value

The Group has rolled out a number of measures to achieve equal pay and reduce pay gaps, including:

- application of a standard method for calculating pay gaps;
- support for local HR teams in analysing pay gaps and implementing corrective action to eliminate them and prevent them from reoccurring.

4.7.4.2.3 Ensuring respect for human rights in the workplace

To ensure respect for human rights and combat harassment and discrimination, L'Oréal:

- formally prohibits all forms of violence and harassment. Such behaviour is not tolerated under any circumstances, and may result in disciplinary action;
- educates employees through awareness-raising campaigns and training courses on harassment. Special attention is paid to beauty advisors, who are often more exposed to this type of risk;
- makes sure that clear, accessible and confidential reporting procedures are in place (see section 4.13.2.1);
- ensures that complaints are handled rigorously and confidentially. A specific process ensures that an appropriate response is provided for each situation; and
- takes appropriate disciplinary action against anyone who commits an act of violence or harassment.

(1) Around 300 positions, including Executive Committee members.

(2) Gender Equality European & International Standard.

(3) Equity, Diversity and Gender Equality Certification.

4.7.5 Outcomes

4.7.5.1 Characteristics of the undertaking's employees (S1-6)

To better understand the changes in characteristics of L'Oréal's workforce, it is important to note a change in the method of calculation in 2024 compared to previous years.

L'Oréal previously published information regarding its statutory workforce, which included all active employees, i.e., those with contracts (permanent or temporary, full-time or part-time). Employees on leave (including long-term sick leave, notice of departure, early retirement, extended unpaid leave) were not included for the period under review. Interns and apprentices, in training as part of their schooling, were not included in the calculations. For comparison purposes, the statutory headcount for 2024 is published in note 5.1 to the consolidated financial statements (see section 5.6).

All the indicators below comply with the new Corporate Sustainability Reporting Directive (CSRD), which specifies that the workforce reported shall include all people with an employment relationship with L'Oréal, whether they are active or not.

The use of the results may be restricted in order to comply with public order provisions.

L'Oréal has therefore included in the workforce indicator employees on long-term sick leave, early retirement, unpaid leave and interns/apprentices if they are considered to have an employment relationship with the company in their respective countries.

TABLE 1: INFORMATION ON WORKFORCE BY GENDER

Gender	Number of employees (workforce)
Male	30,222
Female	64,590
Other	47
Not reported	164
TOTAL EMPLOYEES	95,023

TABLE 2: NUMBER OF EMPLOYEES IN COUNTRIES WHERE THE UNDERTAKING HAS AT LEAST 50 EMPLOYEES REPRESENTING AT LEAST 10% OF ITS TOTAL NUMBER OF EMPLOYEES

Country	Number of employees (workforce)
France	17,777
United States	13,577
China	15,746

TABLE 3: INFORMATION ON EMPLOYEES BY TYPE OF CONTRACT AND BY GENDER

Number of employees (workforce)	Women	Men	Other	Not reported	Total
Number of permanent employees (workforce)	50,249	25,819	42	155	76,265
Number of temporary employees (workforce)	14,341	4,403	5	9	18,758
Number of non-guaranteed hours employees (workforce)	332	178	0	0	510
Key performance indicator					2024 outcomes
Total number of employees who have left the company					9,862
Employee turnover					12.9%

4 – Sustainability Report

Own workforce (S1)

4.7.5.2 Collective bargaining coverage and social dialogue (S1-8)

Coverage rate	Collective bargaining coverage	Social dialogue
	Employees in the European Economic Area (EEA) (for countries with more than 50 employees representing over 10% of total employees)	Workplace representation (EEA only) (for countries with more than 50 employees representing over 10% of total employees)
0%-19%		
20%-39%		
40%-59%		
60%-79%		
80%-100%	Total European Economic Area, France	France

4.7.5.3 Gender and age distribution of employees (S1-9)

Key performance indicator	2024 outcomes
Gender distribution in number and percentage at top management level	
Number of men in key strategic positions (including the Executive Committee)	
	162
Number of women in key strategic positions (including the Executive Committee)	
	154
Percentage of women in key strategic positions (including the Executive Committee)	
	49%
Distribution of employees by age group	
Total employees aged under 30	23,332
Of which total employees aged under 16	0
Total employees aged 16 to 18	6
Total employees aged 30 to 50	56,406
Total employees aged over 50	15,285

4.7.5.4 Adequate wages (S1-10)

Key performance indicator	2024 outcomes
All of the Company's employees are paid an adequate wage	100%

4.7.5.5 Persons with disabilities (S1-12)

Key performance indicator	2024 outcomes
Percentage of employees with disabilities	2.1%

4.7.5.6 Health and safety metrics

4.7.5.6.1 Health and safety metrics required by ESRS S1-14

Key performance indicator	2024 outcomes
Percentage of own workforce covered by the company's health and safety management system based on legal requirements or recognised standards or guidelines	100%
Number of fatalities as a result of work-related injuries and work-related ill health	0
Number of recordable work-related accidents ⁽¹⁾	285
Enlarged Total Incident Rate (eTIR) ⁽¹⁾	1.46

(1) This metric does not include workdays lost owing to commutes and first aid accidents.

4.7.5.6.2 Other health and safety metrics specific to L'Oréal

Lost Time Injury Rate (LTIR) ⁽¹⁾	0.79
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(1) These objectives are presented by L'Oréal on a voluntary basis and do not result from any legal obligations.

4.7.5.7 Remuneration metrics (S1-16)

Key performance indicator	2024 outcomes
Gender pay gap, as a percentage of the average pay level of male employees ⁽¹⁾ – excluding beauty advisors	2.9%
Gender pay gap, as a percentage of the average pay level of male employees ⁽¹⁾ – beauty advisors only	-9.2%
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) ⁽²⁾ by Zone:	
Europe	179
Latin America	67
North America	49
North Asia	70
SAPMENA & SSA	88

(1) Given the high proportion of beauty advisors in the Group's workforce (almost 25%), two pay gap calculations are made: one excluding beauty advisors and one covering beauty advisors only. The beauty advisor population, 90% of whom are women, has the lowest pay levels in the organisation. An adjusted pay gap calculation is also carried out to neutralise any structural variables that may explain gender pay gaps (including the beauty advisor role, but also level of responsibility, seniority, and so on). The adjusted pay gap comes out at 1.6%.

(2) A pay gap ratio by zone is also published, combining emerging and mature countries with a similar cost of living into homogeneous groups.

4.7.5.8 Incidents, complaints and severe human rights impacts (S1-17)

Key performance indicator	2024 outcomes
Total number of incidents of discrimination reported, including harassment	34
Number of complaints reported through Speak Up in accordance with paragraph 2 of S1 ⁽¹⁾	23
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	€0
Number of severe human rights incidents connected to the company's workforce	0
Total amount of fines, penalties and compensation for damages for the incidents described above	€0

(1) In particular for working conditions, equal treatment and opportunities for all and other work-related rights, excluding cases already reported in the total number of incidents of discrimination reported, including harassment.

4.8 Privacy and personal data protection (S1/S4)

4.8.1 Background

L'Oréal is committed to privacy and personal data protection, an issue that is all the more crucial in the era of digital transformation and amid increasingly complex regulations globally. This goal is based on the principles of transparency, confidentiality and integrity, inspired by the 1948 Universal Declaration of Human Rights.

In the area of privacy and personal data protection, L'Oréal:

- handles personal data with respect and strives to uphold the trust people place in it;

- uses personal data protection to create value by developing more secure products and services, working with trusted partners and establishing reliable processes;
- develops a global community working on data confidentiality and protection, promoting and sharing this culture throughout the organisation to ensure constant vigilance and a proactive approach.

4 – Sustainability Report

Privacy and personal data protection (S1/S4)

4.8.1.1 Material impacts, risks and opportunities related to privacy and personal data protection

Description	Subtopics	Policy	Action plan
L'Oréal holds personal data on consumers and employees, and is responsible for managing this data in accordance with applicable regulations and protecting it from theft or misuse. Personal data poses regulatory risks, for example legal proceedings or regulatory controls, and risks of fines (such as those provided for by the General Data Protection Regulation (GDPR) in Europe), as well as a reputational risk related to a loss of stakeholder trust.	R Protection of privacy of own workforce	Data Privacy at L'Oréal policy for the use of personal data relating to employees and consumers	Informing, training, auditing and continuously monitoring compliance with personal data protection standards when processing consumers' and employees' personal data
	ST Consumer privacy	Confidentiality policies for employees in all countries	Providing a direct point of contact for data protection queries from employees and consumers
		Confidentiality policy for consumers	

○ IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

□ Time horizon: ST = short term; MT = medium term; LT = long term.

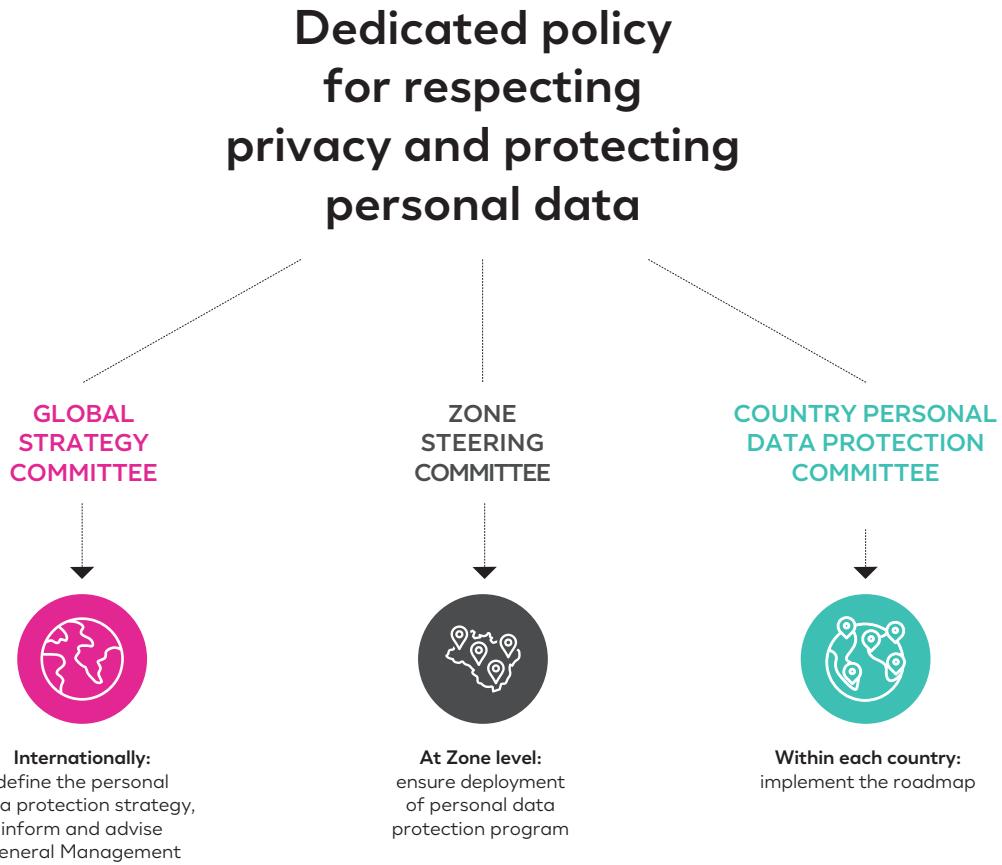
4.8.2 Personal data protection policy

L'Oréal undertakes to comply with the laws and regulations applicable in each country in which it operates. The Group's personal data protection policy is based on six main principles:

- developing a people-centric approach: L'Oréal offers innovative products and services with a personalised experience. This may involve the use of personal data to better meet the needs of consumers. L'Oréal is committed to respecting each individual, and has a global data privacy policy which sets out the mechanisms and procedures for responding to users' concerns;
- creating a relationship of trust with employees: L'Oréal handles employees' personal data transparently and in an ethical manner, in accordance with its internal policy, to ensure effective and responsible human resources management. This commitment helps to build a trusting human relations environment;
- demonstrating a commitment to ethics: personal data protection goes far beyond compliance. At L'Oréal, it is also an ethical issue. The Group uses personal data ethically, lawfully and responsibly, and does not collect sensitive information without the consent of the person concerned;

- building lasting trust: L'Oréal firmly believes that trust is essential to building lasting relationships with consumers, employees and shareholders. The Group endeavours to ensure that everyone can maintain control over their personal data;
- involving General Management: supported by dedicated compliance teams, General Management ensures that the personal data protection policy is applied in Group entities; and
- managing risks: L'Oréal recognises that a failure to comply with personal data protection regulations could negatively impact stakeholder trust and harm its reputation. The Group proactively manages these risks in order to prevent any negative impacts.

Implementation of this policy is based on the following governance structure:



L'Oréal has developed a strong, multilayered governance structure to ensure consistent and effective personal data protection around the world. This governance structure plays an important role in implementing the Group's policy and programme:

- the Global Strategy Committee, which includes the Ethics, Risks and Compliance Department, the Legal Department, the Internal Audit Department, as well as the Purchasing, IT, Cybersecurity, Digital and Marketing, Human Relations, Data Governance and Research & Innovation departments. The Committee meets twice a year or as required to analyse risks, provide strategic recommendations to General Management and define the overall data protection strategy;
- the Steering Committee at zone level, which coordinates the implementation of the programme in the Group's different

countries, ensures compliance with local legislation, such as the GDPR in Europe, the CCPA in California, the PIPL in China, and the LGPD in Brazil. The Committee ensures that the programme is implemented consistently and assesses the impact of regulatory developments in each zone; and

- the personal data protection committee at country level, which, under the supervision of the country chief executive officer, brings together all stakeholders involved in personal data processing. The Committee ensures that projects comply with personal data protection programme guidelines and plays a key role in raising awareness of the issue.

These governance bodies are supported by a wider community of personal data protection officers and experts who encourage collaboration, share knowledge and ensure consistent application of personal data protection principles worldwide.

4 – Sustainability Report

Human rights in the value chain and affected communities (S2/S3)

4.8.3 Action plans in place

In order to embed privacy and personal data protection ever more deeply in the Group's culture, L'Oréal is rolling out various initiatives:

- adhering to a common framework: L'Oréal has drawn up the 10 Key Points on Personal Data Protection charter and a global GDPR-inspired policy – Data Privacy at L'Oréal – which employees in all countries must adhere to;
- maintaining a network of personal data protection professionals: at every level of the organisation (Group, business, Zone, Country), a dedicated network coordinates and monitors personal data protection compliance;
- rolling out a global programme: L'Oréal has set up a global programme to support employees in the application of personal data protection regulations, including tools and user guides that integrate personal data protection into projects by design;
- regularly reviewing procedures: privacy policies and personal data protection procedures are regularly updated to ensure that they comply with local laws and regulations;

- encouraging supplier compliance: L'Oréal requires its suppliers to comply with personal data protection and cybersecurity standards, supported by certifications and maturity assessments;
- providing training on personal data protection: the Group runs training programmes to inform internal teams of their personal data protection responsibilities, holding regular sessions, workshops, online courses and events;
- conducting controls and audits: L'Oréal conducts internal audits to assess compliance with personal data protection laws and internal policies, and tracks action plans using dashboards. These audits are included in its annual audit plan submitted to General Management and the Audit Committee for approval. The audit plan takes into account the findings of earlier audits and local risk assessments by zone managers and Data Privacy experts; and
- providing a direct point of contact for data protection queries: L'Oréal has set up a dedicated email address that consumers and employees can use to ask questions of Data Privacy Officers regarding the protection of their personal data.

4.9 Human rights in the value chain and affected communities (S2/S3)

4.9.1 Background

This section outlines how L'Oréal manages human rights issues by integrating human rights principles into its practices and making efforts to influence its value chain. L'Oréal's value chain analysis enables the Group to identify potential human rights risks at all levels of its supply chain, including for Tier 1 subcontractors. In the event of human rights issues or incidents, L'Oréal takes a risk-based approach with regard to the supply chain and involves Tier 1 suppliers in the implementation of action plans, as specified in the Vigilance Plan (see section 3.5.4.1). In line with its human rights policy, the Group strives to:

- take human rights issues into account through policies in its conduct as a responsible business;
- identify and assess the main potential and proven negative impacts on workers in the value chain and on affected communities;
- stop, prevent and mitigate breaches of internationally recognised human rights and fundamental freedoms, using a risk-based approach in accordance with the United

Nations Guiding Principles on Business and Human Rights (UNGPs) and laws such as the French Duty of Care law. In particular, this means working with L'Oréal's stakeholders, especially those directly affected, to resolve situations of risk or harm. L'Oréal also works with peers and other industries to amplify its impact in the short, medium and long term;

- monitor the implementation and results of action plans;
- communicate transparently on how impacts are dealt with; and
- remedy damage using its own resources or in cooperation with other organisations.

The Group is also preparing for the application of the various aspects of the European Corporate Sustainability Due Diligence Directive, aimed at strengthening the protection of human rights and the environment.

4.9.1.1 Material impacts, risks and opportunities related to respect for human rights in the value chain

Description	Subtopics	Policy	Action plans
A potential lack of respect for human rights in the value chain could have negative impacts – for example, breaching the right to education in the case of child labour, inadequate wages and a lack of job security for workers.	Child labour		
L'Oréal may have a potential impact by indirectly contributing to the violation of the human rights of indigenous populations affected by its activities or those of its suppliers. There is a risk that the free, prior and informed consent of indigenous communities is not respected in the supply chain due to potential impacts of deforestation and use of land adjacent to these communities, such as for palm oil and palm oil derivatives.	Forced labour		
I- ST /MT Maintaining or accentuating discrimination or unconscious bias could impact the fundamental right to non-discrimination, and may have negative consequences for morale, motivation and retention of employees in the value chain. This may apply in particular to beauty advisors, retail employees, customer-facing roles in the downstream value chain and more specifically in the stores or point-of-sales outlets distributing the Group's products, workers in the value chain, suppliers' subcontractors, distribution workers and temporary workers in the upstream or downstream value chain and more specifically on Group sites or when performing an activity on behalf of the Group, as well as workers who may be particularly vulnerable to adverse impacts due to their intrinsic characteristics or a specific context, such as trade unionists, migrant workers, home workers, women and young workers ^① .	Water and sanitation		
I+ ST /MT By promoting adequate wages at its strategic suppliers, L'Oréal could contribute to improving the quality of life, financial security and well-being of workers and their families. This could also help reduce poverty, improve working conditions and strengthen social dialogue. This high-impact action, focused initially on strategic suppliers, could transform the value chain in a positive way in the long term.	Social dialogue Freedom of association Collective bargaining Adequate wages Secure employment Health and safety at work Measures against violence and harassment in the workplace Rights of indigenous peoples	Human rights policy Sustainable purchasing policy Forest policy Code of Ethics Living wage commitment	In-house training in responsible purchasing Supplier support and assessment Contractual commitments Monitoring and complaints Involvement in coalitions and impact studies
R ST /MT Financial risks include the possibility of major disruptions in the value chain, particularly the supply chain, if suppliers fail to respect human rights. Legal proceedings, import bans or the discovery of unethical practices could force L'Oréal to seek new suppliers as a matter of urgency, resulting in additional costs and significant delays. While investing in responsible practices such as the effective implementation of due care or adequate wages may be costly in the near term, it reduces the risk of major and expensive supply chain disruptions in the long term.			

○ IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

□ Time horizon: ST = short term; MT = medium term; LT = long term.

(1) In accordance with the Human Rights Report published in 2024, based on an in-depth study of the L'Oréal Groupe's activities.

4 – Sustainability Report

Human rights in the value chain and affected communities (S2/S3)

4.9.2 Human rights policies

4.9.2.1 Human rights policy in the value chain

L'Oréal's human rights policy underpins its determination to respect human rights throughout the value chain, which encompasses a wide range of products, supply countries and types of purchase.

The policy is based on the due diligence recommendations set out in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and is built on four core pillars:

- identification of salient risks: L'Oréal continuously identifies and assesses the risks of human rights violations based on the specific geographical, sectoral and operational context of its activities (see section 3.5.4.1). This includes efforts to trace and map value chains, risk monitoring by geographic area, social audits (see section 3.5.5.2), human rights impact studies, feedback through whistleblowing systems and regular engagement with external stakeholders;
- culture of respect: the Group trains its employees, shares best practices and integrates respect for human rights into its values and daily practices;
- stakeholder engagement: L'Oréal engages in active dialogue with its partners, takes their concerns into account and encourages them to set up transparent whistleblowing systems;
- roll-out of transformation action plans: insofar as the workers in the value chain are covered by the human rights policy and their operations by the sustainable purchasing

policy, when L'Oréal identifies a human rights violation in its value chain, the Group implements an action plan to put an end to it. In some cases, this may require changing certain practices in the value chain; and

- collaboration: the Group works with other companies, NGOs and international organisations to attempt to find sustainable solutions to systemic human rights challenges.

Special attention is paid to conflict zones, in accordance with international standards.

In particular, L'Oréal recognises the rights of indigenous peoples, as defined by the United Nations Declaration on the Rights of Indigenous Peoples. The Mutual Ethical Commitment Letter (MECL) commits L'Oréal and its suppliers to respecting human rights, including those of indigenous peoples. L'Oréal also supports local communities through projects on the ground related to its value chain. This commitment is pursued through a number of initiatives, including:

- compliance with the principles of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, in line with the Code of Ethics;
- implementation of due diligence procedures on the ground (notably in line with the Group's forest policy) to identify and mitigate environmental and social risks (including for indigenous peoples). These include the "palm alert" procedure and Speak Up, which is communicated to all stakeholders, especially workers in the value chain, and used to report violations.

Dedicated governance for human rights

Human rights matters are the responsibility of the Chief Corporate Responsibility Officer, who reports directly to the Chief Executive Officer. Depending on the issues addressed, other teams, such as human relations and operations including purchasing and R&I may also be involved.

A network of more than 50 human rights correspondents plays a key role in embedding this culture in every Group entity. In addition, various bodies, including a Human Rights Committee for the supply chain, chaired jointly by the Chief Corporate Responsibility Officer and the Chief Operations Officer, met several times to discuss the implementation of the human rights policy and to inform decision-making.

4.9.2.2 Sustainable purchasing policy and forest policy

Purchasing is the responsibility of the Chief Operations Officer, who reports directly to the Chief Executive Officer.

L'Oréal wishes to promote sustainable sourcing and demands high social and environmental standards from its value chain. This commitment covers the two key areas of suppliers' environmental and social performance, including sustainable sourcing of raw materials, particularly from forests, in line with its forest policy.

To this end, L'Oréal promotes diversity, equity and inclusion and sets rigorous ethical standards for its suppliers, covering the protection of human rights and non-discrimination. The Mutual Ethical Commitment Letter is essential to obtaining buy-in from the Group's suppliers. The letter commits suppliers to complying with strict human rights and environmental standards throughout their value chain, including within their own supply chain. Tier 1 suppliers are responsible for monitoring the corresponding measures put in place within their own value chain (see section 3.5).

In particular, L'Oréal expects its suppliers to:

- prohibit child labour: in accordance with the United Nations Convention, L'Oréal prohibits child labour and sets the minimum age for employment at 16;
- ban forced labour: L'Oréal firmly prohibits all forms of forced labour, including the confiscation of documents and non-compliant prison labour;
- ensuring social dialogue and freedom of association: suppliers must guarantee workers the right to associate freely and to bargain collectively without fear of reprisal. In situations or countries where the presence of independent trade unions is limited or discouraged, L'Oréal requires that workers be able, if they so wish, to come together independently to discuss work-related issues or express any concerns they may have;
- pay adequate wages: L'Oréal promotes the right to an "adequate" wage, which is essential for improving working conditions and reducing the risk of child and forced labour. The aim is for all employees of its strategic suppliers to ultimately earn an adequate wage;

- ensure occupational health and safety: L'Oréal requires its suppliers to identify and prevent risks and guarantee safe and decent conditions, with particular attention paid to vulnerable populations. The Group does not have a specific policy to promote long-term employment stability and sustainability for workers in the value chain;
- guarantee access to water and sanitation: all workers must be guaranteed access to drinking water and adequate sanitary facilities. This is enshrined in L'Oréal's Mutual Ethical Commitment Letter and is verified during social audits;
- combat violence and harassment: L'Oréal promotes an inclusive and respectful working environment, free from violence and discrimination, with special attention paid to the most vulnerable populations in the value chain.

These measures reflect L'Oréal's determination to implement sustainable and responsible practices in its value chain.

To ensure that its Tier 1 suppliers comply with the applicable rules, L'Oréal has set up a hierarchy system for non-compliance risks (described in section 3.5.5.2) and adapts the control method according to the level of risk, which may include third-party audits. Special attention is paid to conflict zones, and the risk hierarchy takes into account the type of activity of subsidiaries and the country, sector and nature of the suppliers' operations.

L'Oréal's forest policy reinforces its commitment to responsible sourcing, aiming for 100% sustainable and

traceable sourcing. It is aimed at balancing the use of forest resources with respect for human rights and the environment (see section 4.5). With regard to forest areas, L'Oréal strives to create decent working conditions and respect the rights of local communities and indigenous peoples. The Group recognises the right to self-determination of indigenous peoples and ensures that it obtains their free, prior and informed consent for any activity likely to affect their lands and resources. For each field project involving indigenous peoples and/or local communities, a consultation is carried out at the start of the project to ensure that the action plan is fully aligned with the needs of those peoples and communities. The action plan then involves members of the community directly or indirectly as beneficiaries of the project, for example with training activities in good farming practices. Specific systems for reporting suspicious practices are also sometimes put in place to respond to specific issues relating to the context of the project and to feed into the reporting management mechanism more generally. In the palm oil sector, rigorous monitoring of reports is carried out via the palm alert procedure, which is activated as soon as a potential violation of the policy is identified. In addition to the reports received by stakeholders, L'Oréal proactively identifies alerts, in particular by participating in the Action for Sustainable Derivatives' (ASD) Grievance Taskforce, which maintains regular dialogue with civil society organisations, including indigenous peoples, to facilitate the reporting of incidents.

4.9.3 Action plans in place

The Group applies its sustainable purchasing policy via several main categories of measures:

- in-house training in responsible purchasing: L'Oréal regularly trains its purchasers in the challenges of responsible purchasing, with a module dedicated to human rights. This informs purchasers of the vulnerability of certain groups such as indigenous peoples in terms of human rights. Training is compulsory for all onboarding purchasers;
- supplier support and assessment: L'Oréal works closely with its direct suppliers to promote responsible social and environmental practices, particularly on matters surrounding human rights and adequate wages (see section 4.9.2.2). The Group prioritises transparency and uses various tools and processes to assess its suppliers. Those located in countries identified as high risk by Verisk Maplecroft are subject to a compulsory social audit, based on the SA 8000 standard, before being listed as suppliers at L'Oréal. The Group conducts human rights impact assessments in at-risk regions;
- roll-out of the Living Wage programme, aimed at committing strategic suppliers to the principle of an adequate wage, in line with the recommendations of experts (International Labour Organisation and IDH Sustainable Trade Initiative) and with the support of partners (Fair Wage Network and Wage Indicator Foundation). L'Oréal shares content (definitions, methodology, testimonials, etc.) on the Living Wage programme with its strategic suppliers via a platform. This content is also presented in a series of webinars. Suppliers are encouraged to sign a pledge and to work towards an adequate wage;

- contractual commitments: L'Oréal requires its suppliers to sign the Mutual Ethical Commitment Letter (MECL), which informs them about reports submitted via the Speak Up platform;
- monitoring and complaints: L'Oréal has set up channels for reporting potential human rights violations. These include dialogue with stakeholders, the Speak Up platform (a secure, anonymous website that can be accessed by all stakeholders, with a system on hand around the clock and available in 30 languages, and performance monitored via indicators; see section 4.13.2) and the "palm alert" procedure⁽ⁱ⁾ that is available and communicated to all stakeholders, including workers in the value chain (see section 4.9.2.2). The oversight process is designed to ensure strict confidentiality, fair treatment, protection against reprisals and compliance with national legislation in the countries where the Group operates. If a violation of the human rights of workers in the value chain or affected communities is identified, the actions required depend on the specific context and are determined in light of an impact assessment and any information collected during discussions with stakeholders. The Group immediately engages in dialogue with its suppliers and implements a set of immediate measures aimed, if necessary, at identifying the precise source of the incident and rolling out action plans with the suppliers concerned. These action plans are aimed at implementing concrete, corrective measures in the short, medium and long term. To promote systemic change that helps resolve the root causes of certain violations and strengthens oversight systems across a given value chain, the Group may call on a range of key players, from NGOs to public authorities, local civil society organisations and companies in the beauty and perfume industry, etc.;

⁽ⁱ⁾ Thanks to the "palm alert" procedure, supply chain grievances can be identified, assessed and monitored on an ongoing basis and, where necessary, a remedial action plan put in place.

4 – Sustainability Report

Product safety (S4)

- involvement in coalitions and impact studies: L'Oréal is a member of coalitions such as the Consumer Goods Forum's Human Rights Coalition for Action as a means to boost its positive impact and its transformative potential. For example, in response to a human rights risk identified in the rose sector in Turkey, L'Oréal joined the Harvesting the Future initiative launched by the Fair Labor Association, aimed at improving working conditions and respect for human rights in various agricultural sectors, focusing on empowering seasonal workers and their families. Running up to end-2026, the project brings together various

stakeholders, including the Turkish government, local civil society organisations, processors, growers and companies in the beauty and perfume industry, in order to support and strengthen the introduction of systems for monitoring human rights in their supply chains.

L'Oréal's actions in terms of "zero deforestation" and support for local populations are discussed in more detail in the biodiversity section (see section 4.5.3.1). These initiatives include working with small-scale producers and promoting regenerative agriculture.

4.10 Product safety (S4)

4.10.1 Background

L'Oréal aims to offer beauty that combines quality, effectiveness, safety and responsibility. A product use safety assessment ensures the health and well-being of the Group's consumers.

4.10.1.1 Material impacts, risks and opportunities related to product safety

Description	Subtopics	Policy	Action plans
<p>I- While L'Oréal has a positive product safety record on the whole and product recalls on cosmetics are uncommon throughout the industry, bringing non-compliant products to market could negatively impact consumer health. Although serious incidents are rare, the use of unsafe products could lead to adverse effects ranging from mild reactions to more serious health problems.</p>	Personal safety of consumers	Quality and safety policy	Application of ISO standards
<p>ST IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity. Time horizon: ST = short term; MT = medium term; LT = long term.</p>			Continuous quality control

4.10.2 Quality and safety policy

Personal safety of consumers is an absolute priority for L'Oréal. Assessing safety is central to any new product development process and a prerequisite before any new product can be brought to market. The Group's quality and safety policy is built around four key principles:

- meeting consumer expectations;
- complying with legal obligations and safety requirements;
- maintaining and regularly reviewing assessment standards; and
- ensuring product quality and conformity across the supply chain.

Under the responsibility of the Deputy Chief Executive Officer in charge of Research, Innovation and Technology, the Worldwide Safety Evaluation Department focuses on evaluating the human safety of raw materials and finished products. It establishes the toxicological profile of ingredients and verifies the tolerance of formulas before they are brought to market to ensure that they are completely safe. These safety standards are applied consistently worldwide to ensure the same level of quality across the globe.

L'Oréal also anticipates regulatory changes by assessing the environmental profiles of raw materials. New substances that could have an adverse environmental impact are excluded from the catalogue.

In addition, an international cosmetovigilance network is in place to monitor any adverse effects that arise once a product is on the market and, if necessary, to take the appropriate corrective measures. Staffed by health experts at Group, R&D and science department levels in 100 or so countries, this network is an integrated surveillance system which collects, records, evaluates and processes spontaneous reports of adverse health events observed in relation to products on the market. Reports can be submitted by external stakeholders, particularly consumers. By analysing this health data using scientific methods, L'Oréal is able to:

- confirm that the products marketed are appropriately tolerated;
- if necessary, propose appropriate corrective measures, such as improving tolerance through reformulation, removing or substituting certain ingredients,

- identify certain misuses;
- improve labelling to ensure better use of products (e.g., recommendations for use).

This market surveillance system also meets the regulatory requirements in force in certain countries through dialogue with the competent authorities.

In response to concerns expressed in civil society regarding certain substances and their effects on health and the environment, L'Oréal has adopted a three-pronged approach:

- continuous monitoring of new scientific data;
- close cooperation with the relevant authorities; and
- strict precautions, with ingredients being substituted in the event of a proven or strongly suspected risk.

To give comments or warnings about products, consumers can contact L'Oréal's consumer service team in various ways (mainly by phone, social media or e-mail). The address of each brand's consumer service team is displayed on the products. Contacts are managed at country level based on multi-divisional governance and segmentation by brand. Every contact is treated with care: the consumer service team records the reason for the contact request and seeks to resolve the problem using a decision tree. The team is required to keep the consumer informed of the progress of their case. This information is passed on to the brand managers in the Group's divisions through *Voix du Consommateur* consumer feedback reports. Requests to analyse certain products are forwarded to the quality coordinator and then to the internal unit concerned. The consumer systematically receives a response from the consumer service team summarising the exchange and the next steps.

4.10.3 Action plan in place

L'Oréal has implemented an ambitious action plan to ensure that its production is safe, based on strict standards and thorough monitoring. Quality requirements cover formula, packaging and process design, as well as compliance during production and distribution. All production facilities are ISO 9001 certified and apply ISO 22716 compliant Good Manufacturing Practices.

These standards also apply to subcontractors under a specific quality charter. Regular and rigorous audits are conducted to improve the Group's visibility over production safety throughout the value chain.

4.11 Transparent labelling and shift towards responsible consumption (S4)

4.11.1 Background

The Group aims to leverage the power of its brands to encourage consumers to adopt a more responsible approach to consumption. By scientifically evaluating the environmental impact of its products, L'Oréal provides consumers with

transparent information on environmental performance to help them make informed choices, while simultaneously helping to transform the beauty industry.

4 – Sustainability Report

Transparent labelling and shift towards responsible consumption (S4)

4.11.1.1 Material impacts, risks and opportunities related to responsible labelling and consumption

Description	Subtopics	Policy	Action plan
<p>I- A lack of transparent and comprehensible information on the impact of products, combined with the risks of greenwashing and limited consumer understanding, could lead to poor choices and the selection of products with greater negative environmental impacts. This lack of transparency could also slow down L'Oréal's internal development of more sustainable products, since it would be hard for consumers to identify and prioritise genuinely eco-friendly options. False claims may also mislead consumers, leading to inappropriate product choices. Lack of advice on how to use products may lead to overuse, wasted water and inappropriate waste disposal.</p> <p>I+ In terms of positive impacts, transparent labelling and simplified choices help consumers make more responsible choices, which benefits both L'Oréal's brand portfolio and the beauty industry as a whole.</p> <p>R L'Oréal is exposed to significant financial and reputational risks in the event of a lack of labelling transparency. Misleading labelling practices may lead to prosecution and fines, while an overall lack of transparency could undermine consumer and stakeholder confidence, impacting L'Oréal's sales, attractiveness and overall reputation.</p> <p>O The focus on displaying environmental impacts in a transparent and harmonised way represents a real opportunity for L'Oréal. For example, transparent and consistent labelling could lead to a levelling up of practices across the industry, thereby reducing the costs associated with compliance. Open communication about products may reinforce consumer confidence, driving greater loyalty, higher sales and a clear competitive advantage.</p>	Access to high-quality information for consumers	Research & Innovation and packaging policy EcoBeautyScore Association	Developing a Product Impact Labelling system for displaying products' environmental impact Helping to build an industry-wide scoring methodology: the EcoBeautyScore
<p>ST /LT</p>			

○ IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.

□ Time horizon: ST = short term; MT = medium term; LT = long term.

4.11.2 Policies to help consumers make sustainable choices

4.11.2.1 Informing consumer choices and promoting responsible products

L'Oréal's ambition is to accelerate the transformation of the beauty industry by guiding all consumers towards more sustainable products and thereby generate a preference for products with a low environmental impact.

L'Oréal meets consumer expectations in terms of sustainability while anticipating changes in the regulatory landscape. The Group uses scientific approaches to support its environmental communications and aims to ensure greater transparency in its information by adapting to future requirements.

This development is based on two key areas:

- encouraging responsible consumption by offering greater transparency to facilitate consumer choices;
- encouraging eco-friendly product design by reducing the consumption of resources such as water and offering a more circular product range with a smaller environmental footprint, based on product life cycle analyses. L'Oréal plans to gradually switch from the SPOT system (see section 4.4.3.3) to EcoBeautyScore, depending on the categories available.

4.11.2.2 Specific governance arrangements

Within the Corporate Social Responsibility department, the Sustainable Consumption department is responsible for developing and rolling out a transparent labelling system (Product Impact Labelling). It also participates in the EcoBeautyScore Association, which aims to create a common labelling system for the beauty industry.

4.11.3 Action plans in place

4.11.3.1 Developing a Product Impact Labelling system for displaying products' environmental impact

Since 2017, L'Oréal has been working with the SPOT eco-design tool (see section 4.4.3.3) to help determine the environmental profile of all products with revised formulas as well as new products launched by the Group.

PRODUCT IMPACT LABELLING: A UNIQUE APPROACH WITH MULTIPLE BENEFITS



To help consumers better understand the environmental impact of their choices, L'Oréal has developed the Product Impact Labelling system, based on SPOT environmental assessments (see section 4.4.3.3). This draws on a scientific method using EU-recommended product life cycle assessments to determine Product Environmental Footprints (PEF). It assigns a rating from "A" to "E" that reflects a product's environmental performance, where within a given category, "A" represents the lowest impact. Designed in collaboration with independent scientific experts, the environmental impact label is aimed at encouraging consumers to make more sustainable choices, and is now available on the product pages of the websites of 12 Group brands, in 12 skincare or haircare categories, in 32 countries across Europe, North America and China.

Products are classified according to their overall environmental footprint. In a given category (e.g., shampoos or face care products), the 10% of products with the smallest footprint are rated "A", while the 10% of products with the greatest footprint are rated "E". Other products are distributed from "B" through "D" on a linear basis. The "A" rated products are significantly better than the "B" rated products, themselves significantly better than products rated "C".

L'Oréal continues to roll out this scoring system in collaboration with its distribution networks, so that the ratings are presented in a clear and accessible way for consumers.

At the same time, the Group is stepping up its advertising campaigns and marketing materials, both in-store and online, to promote its commitment to sustainability and ensure transparent communication with consumers.

4 – Sustainability Report

Responsible beauty marketing and advertising (S4)

4.11.3.2 Towards an industry-wide scoring methodology: the EcoBeautyScore

In 2021, in a bid to take its transparency efforts a step further, L'Oréal joined forces with beauty industry peers to co-found the EcoBeautyScore Consortium⁽¹⁾, tasked with co-creating a common labelling system. EcoBeautyScore has members from more than 70 businesses and cosmetics industry stakeholders, representing more than 50% of the global market.

The EcoBeautyScore system aims to provide consumers with a clear, transparent and comparable assessment of cosmetic products' environmental impact. A public consultation was organised in June 2024, demonstrating the association's major progress made on four levels:

- developing a shared method for scientifically measuring the environmental impact of products throughout their life cycle, as recommended by the European Commission;

- creating a shared database on the environmental impact of ingredients and raw materials used in formulas and packaging, as well as during product use;
- developing a joint scoring tool to assess products' environmental footprint;
- introducing a harmonised scoring system to help consumers find out about cosmetic products' environmental footprint.

4.12 Responsible beauty marketing and advertising (S4)

4.12.1 Background

As the world's fourth-largest advertiser, L'Oréal aims to be a catalyst for positive change through marketing and publicity. Creating the beauty that moves the world also means meeting the expectations of consumers, for whom sustainability is a priority, and building trust. It also means transforming representations of beauty by celebrating the full spectrum of desires and aspirations.

L'Oréal wishes to offer innovative routines and promote diversity and inclusion, and strictly respects the codes and charters that guide it in this domain. With this focus on responsibility and transparency, L'Oréal's marketing and advertising campaigns are aimed at encouraging the entire beauty industry to adopt more honest, inclusive and committed practices.

4.12.1.1 Material impacts, risks and opportunities related to responsible marketing and advertising

Description	Subtopics	Policy	Action plan
<p>I- L'Oréal's influence on the world of marketing and advertising carries with it an element of social responsibility. Failing to effectively break down stereotypes in its advertising campaigns could contribute to spreading unrealistic and exclusive beauty standards. This could give rise to self-esteem and mental health problems among certain populations, particularly if they are exposed to messaging of this kind on social media, and could also breach the right to non-discrimination.</p>			Emphasise responsible content
<p>ST /MT On the other hand, L'Oréal's commitment to responsible marketing practices represents a potential opportunity to make a positive impact in terms of inclusion. The shift towards campaigns that value diversity and represent the whole spectrum of beauty, as well as promoting a positive view of ageing, could contribute to a more inclusive and responsible industry. The Group's commitment to authenticity and to not using artificially generated or retouched images could have a positive impact on consumers' self-esteem and mental health.</p>	Responsible marketing practices	Responsible advertising and marketing communications policy	Respect human rights and diversity, equity and inclusion
			Roll out a child-conscious responsible marketing approach
			Respect data confidentiality and ethics
			Use generative artificial intelligence responsibly
			Promote sustainability

IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
 Time horizon: ST = short term; MT = medium term; LT = long term.

⁽¹⁾ Became the EcoBeautyScore Association in November 2024.

4.12.2 A marketing policy that puts responsibility first

L'Oréal is deeply committed to acting as a responsible company by adopting marketing and advertising practices that comply with laws and regulations in all markets. This commitment is reflected in the Group's responsible advertising and marketing policy, anchored by the Group's Code of Ethics, human rights policy (see section 4.9.2), diversity, equity and inclusion policy (see section 4.7.4.1) and Influencer and Content Creator Values Charter.

L'Oréal applies the Consolidated ICC Code of Advertising and Marketing Communication Practice and Cosmetics Europe's Guiding Principles on responsible advertising and marketing communication. The Group also shares best practices with its

peers and is a member of several initiatives, including the WFA Planet Pledge, the Global DEI Charter for Change, Ad Net Zero and the Unstereotype Alliance.

L'Oréal's responsible advertising and marketing policy is underpinned by collaborative governance. The Digital & Marketing team oversees the development of the policy, in line with best ethical, social and environmental practices. It is rolled out worldwide and applied consistently by the Divisions and brands. Strategy is overseen by members of the Executive Committee, which ensures that the policy evolves appropriately.

4.12.3 Action plans in place

L'Oréal has put several measures in place to make its marketing and advertising ever more responsible:

To emphasise responsible content, L'Oréal:

- ensures that its advertising is sincere, true, non-misleading and decent, with the minimal use of visual retouching techniques restricted to correct technical issues only;
- ensures that its claims are based on solid, verifiable data;
- applies a vigilant policy to the purchase of advertising space to exclude inappropriate environments (hateful or discriminatory content, etc.);
- undertakes not to denigrate competitors or categories of products;
- ensures that influencers fully disclose their commercial links with L'Oréal to their audience; and
- refrains from using content that mimics protected works or people without permission.

To respect human rights and diversity, equity and inclusion, L'Oréal:

- embeds diversity and inclusion into its advertising, taking into account aspects such as gender, age, socio-economic background, skin colour, body shape, sexual orientation and religion;
- respects human dignity and avoids presenting degrading stereotypes or disrespecting minority communities or those historically excluded or marginalised;
- encourages a fair representation of beauty, by minimising recourse to image retouching techniques; and
- offers accessible advertising, including subtitles, coded subtitles and transcriptions.

As part of its responsible marketing approach to children, L'Oréal:

- does not target children under the age of 16, except for hygiene, dermatological and sun protection products;
- takes care not to suggest that the use of a product would give a child a social or physical advantage over other children; and
- refrains from partnering with influencers below the legal age to sign a contract, in line with local laws.

To respect data confidentiality and ethics, L'Oréal:

- ensures transparency on how data will be used, and does not use misleading methods; and
- retains personal data for a limited period, allowing users the option to amend or delete their personal data at any time.

To use generative artificial intelligence responsibly, L'Oréal:

- does not use creations generated by artificial intelligence to promote product benefits; and
- ensures compliance with legislation on intellectual property and privacy of AI-related data.

To promote sustainability, L'Oréal:

- markets refillable and sustainable products in its advertising, while promoting a more environmentally friendly lifestyle;
- refrains from exploiting consumers' increasing concern for the environment without offering genuine transparency; and
- measures and reduces the carbon footprint of its advertising, in line with its decarbonisation commitments as validated by the SBTi.

4 – Sustainability Report

Responsible leadership and ethical practices (G1)

4.13 Responsible leadership and ethical practices (G1)

4.13.1 Background

Underpinned by the demanding principles set out in its Code of Ethics, L'Oréal has built a solid governance framework that guides each of its employees, managers, directors and corporate officers. Beyond simply complying with the laws and regulations in the countries where it operates, L'Oréal strives to apply exemplary ethical standards throughout the world.

Through *Speak Up*, the Group encourages open and transparent dialogue, where everyone can report any behaviour that runs counter to L'Oréal's values. This ethical framework strengthens L'Oréal's reputation and inspires trust among stakeholders.

4.13.1.1 Material impacts, risks and opportunities related to business conduct

Description	Subtopics	Policy	Action plans
R Responsible and ethical practices, including protection of whistleblowers, fair relationships with suppliers and compliance, are crucial for L'Oréal. Failure to respect these commitments could give rise to financial risks for the company, legal sanctions or damage to its reputation, a deterioration in relationships with suppliers, or a loss of trust among stakeholders.	Corporate culture Protection of whistleblowers	Ethics policy	Reinforce ethics through compulsory training, a whistleblowing system, internal controls and regular audits
ST /MT Financial risks for the company, legal sanctions or damage to its reputation, a deterioration in relationships with suppliers, or a loss of trust among stakeholders.	Management of relationships with suppliers	Sustainable purchasing policy	Optimise supplier management through transparent communication, ongoing dialogue, compliance with payment deadlines, audits and ongoing support

○ IRO: I- = negative impact; I+ = positive impact; R = risk; O: opportunity.
□ Time horizon: ST = short term; MT = medium term; LT = long term.

4.13.2 Responsible business conduct policies

True to its Sense of Purpose – “Create the beauty that moves the world” (see section 1.1.1) – and its stringent ethical principles, L'Oréal has developed a strong corporate culture. The Code of Ethics, presented below, formalises these commitments and provides a framework for all the Group's activities to develop responsible business conduct.

ensures that information remains confidential, and undertakes to conduct an independent and impartial investigation into each report, followed by remediation if necessary.

Governance of the Group's ethical principles is described in the Vigilance Plan in section 3.2.1.

4.13.2.1 Ethics policy

L'Oréal's development and reputation are underpinned by the essential ethical principles of integrity, respect, courage and transparency. Its ethics policy relies on two main pillars:

- The Code of Ethics, which applies to all employees, members of the Executive Committee and Management Committees and the Group's corporate officers, guiding them in identifying sensitive situations and appropriate behaviour, through clear rules and concrete examples. Compliance with these principles is taken into account in the assessment of each employee's performance, particularly managers. An ethical dimension is integrated into decision-making through regular dialogue with stakeholders and internal working groups, which reinforces the Group's policies. The Code of Ethics sets out L'Oréal's commitments as a company, an employer and a figure of responsibility.
- Speak Up: introduced in 2008, this internal whistleblowing system can be used by employees and external stakeholders to report concerns or breaches of Group rules in complete confidence, particularly in the areas of human rights, safety, corruption and the environment. Reports may be submitted via a secure, anonymous website, with a system on hand around the clock and available in 30 languages (www.lorealsspeakup.com), or through the network of authorised persons, and are forwarded to the Chief Ethics, Risk and Compliance Officer. L'Oréal protects whistleblowers,

4.13.2.2 Policy for responsible relationships with suppliers

L'Oréal places great store in an ethical and efficient value chain, putting sustainable and mutually beneficial relationships with its suppliers at the heart of its priorities. This policy is formalised in *The Way We Work With Our Suppliers*, which guides the actions of the Group and its employees. L'Oréal undertakes to:

- select its suppliers rigorously and fairly, using open and transparent competitive bidding based on objective criteria for assessing areas such as quality, price, innovation and performance in terms of social and environmental responsibility (see section 4.4.2 for further details on the supplier selection scorecard);
- nurture a climate of trust and collaboration, by encouraging regular communication, guaranteeing that information exchanged is kept confidential and prohibiting all forms of corruption or favouritism. All suppliers sign the Mutual Ethical Commitment Letter, which sets out requirements in terms of respect for human rights, decent working conditions, environmental protection and business integrity; and
- see that financial commitments are met by paying all suppliers on time, regardless of the category of supplier and according to the agreed terms, pursuant to local legislation and the Group's contractual commitments.

4.13.3 Action plans in place

4.13.3.1 Implementation of the ethics policy

To support the implementation of its ethical commitments, L'Oréal's action plan is built on four pillars:

- Raising awareness and training: L'Oréal has made training a central part of its strategy, with a comprehensive programme of compulsory online training for all employees, covering key issues such as ethics, human rights, anti-corruption, competition law, personal data protection and IT security. These training courses target around 60,000 people who are exposed to such risks, with specific modules for the populations at greatest risk. A dedicated training programme for managers is also underway. Each year, L'Oréal organises an Ethics Day to raise awareness and engage in open dialogue with all employees;
- Encouraging the reporting of unethical behaviour: through Speak Up, L'Oréal enables whistleblowers to confidentially report any concerns via a secure website (www.lorealspeakup.com). Employees are informed of the existence of the Speak Up programme, in particular through an e-learning course on ethics and human rights that is available and compulsory for all of the Group's new hires, as well as through awareness-raising initiatives such as Ethics Day. Whistleblowers are protected from retaliation and the reports are subject to thorough review, followed by an impartial internal investigation;
- Monitoring and preventing risks: L'Oréal takes a proactive approach to identifying and managing the risks associated with its operations. Rigorous internal control processes ensure compliance with the law and the Group's ethical standards; and
- Auditing and ensuring compliance: the internal audit system ensures compliance with laws, regulations and Group policies, identifying weaknesses and determining any remedial measures to be taken.

4.13.3.2 Action plan for managing relationships with suppliers

L'Oréal implements concrete measures to guarantee the effectiveness of its supplier relationship management policy, based on the following priorities:

- transparent and accessible communication: the guide on The Way We Work With Our Suppliers is readily available to all suppliers, along with tools and training to help them understand and apply the Group's principles;
- ongoing dialogue: L'Oréal encourages regular and open discussions with its suppliers through frequent meetings and dedicated communication platforms to strengthen collaboration;
- monitoring payment times: to ensure that contractual payment terms are respected, L'Oréal has updated its internal tools and purchasing terms and conditions, while closely monitoring "pay on time" payment performance indicators. The Group is committed to finding amicable solutions to any financial difficulties encountered by its suppliers;
- audits and assessments: L'Oréal assesses its suppliers' compliance with social and environmental requirements through self-assessment questionnaires, risk analyses and audits carried out by independent third parties, as required; and
- support and progress: in addition to monitoring, L'Oréal supports its suppliers in improving their practices. It encourages a collaborative approach with resources and training to help suppliers achieve the required standards.

4.13.4 Outcomes related to payment practices (G1-6)

Key performance indicator	2024 outcomes
Actual time to pay	45 days
Percentage of payments complying with standard payment terms	90%
Number of legal proceedings currently outstanding for late payments	4

4.14 Methodological notes

4.14.1 Scope of consolidation⁽¹⁾

As a general rule, the reporting scope of the Sustainability Report is based on that of the financial statements, subject to specific exceptions described below:

- (i) newly acquired companies are included in the reporting scope as soon as they have been consolidated;
- (ii) companies accounted for by the equity method are not included in the reporting scope;
- (iii) exceptionally, small entities may be excluded from the aforementioned reporting scope if, taken together, they do not represent more than 5% of the Group's sales or total employees. Specific exclusions are described in following section.

L'Oréal reports sustainability data at Group level for all entities over which it has operational control, for applicable ESRS (E1 and E2).

Company (region)	Acquisition date	% employees	% units sold	Comments
Gjosa (Switzerland)	January 2024	0.01%	-	-
Zhejiang Yesskin (China)	November 2024	-	-	70% interest not consolidated in the financial statements in 2024
Aēsop (Worldwide)	September 2023	4.3%	0.3%	-

Change in scope (exits)

Entities or sites sold or closed during the financial year are reported in full up to the date they exit the scope.

Estimates and exclusions

The list of subsidiaries that do not report certain metrics and for which estimates are made, may differ depending on the nature of the metrics in question. The scope of coverage varies according to the category of metric.

Details of data coverage are given in the tables for each topic.

Uncertainties and limitations

Sustainability information has been prepared in connection with the first-time application of article L. 233-28-4 of the French Commercial Code (*Code de commerce*). This first-time application is characterised by uncertainties as to the interpretation of the regulations and standards, a lack of reliable comparative data and benchmarks, and an absence of established frameworks. It required the Group to make estimates and use certain assumptions that may impact the sustainability information presented. These estimates and assumptions mainly concern the measurement of amounts relating to the value chain (Scope 3). The estimates used by L'Oréal are based on the information available at the date of preparation of the Sustainability Report as detailed in the methodological notes.

Gradual consolidation of newly acquired companies

Until an entity has been fully integrated into L'Oréal's IT systems, consolidation of its data is done manually and can therefore take longer. For these entities, if the rules on estimates cannot be applied and the cost of reporting is deemed unreasonable in relation to the size of the company, the entity may ask to be exempted from non-financial reporting. This exemption may be granted on a case-by-case basis and be renewed annually. The table below provides details on the exclusion of three entities. The entities concerned by exemptions vary according to the metric categories. Action plans are implemented to ensure data availability and reliability.

The following information could not be estimated:

Substances of concern (E2-5): the complexity of European regulations on substance classification and the absence of sector-specific recommendations have made it difficult to collect the relevant data in practice. L'Oréal will work to collect these data in light of the forthcoming clarifications, with a view to publishing them in the future.

Investments associated with the Scope 3 climate transition plan (E1-3): the Group's climate and environmental commitments are embedded into its strategic plan and its budget plans by each Group entity. This integrated approach means that material investments associated with the climate transition plan cannot be published in isolation, especially as L'Oréal's low eligibility for the Taxonomy Regulation does not reflect the scale of the Group's transformation in terms of climate and environmental issues. L'Oréal will work on estimating these investments with a view to publishing them in the future.

The information provided by L'Oréal on material impacts, risks and opportunities does not include data relating to Aēsop, which joined the Group's financial consolidation scope at the beginning of September 2023 and represents approximately 5% of its consolidated workforce in 2024.

Targets

The absence of a quantified target in the "Outcomes" part of a sub-section of this report indicates that L'Oréal does not define any such target for this topic. The Company reserves the right to define targets for the topics concerned at a later date.

⁽¹⁾ L'Oréal's consolidated sustainability report is published in accordance with Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022.

4.14.2 Coverage of CSRD metrics

ESRS	Section	CSRD scope		2024 coverage	Exclusions and clarifications
		Scope covered	Type of coverage		
E1-5 – Energy	4.2.5.2	L'Oréal Groupe operated sites ⁽¹⁾	Energy consumption	99%	Exclusion: Aēsop Estimates: stores and administrative and research sites with fewer than 50 employees
E2-5 – Pollution (COD, NMVOC)	4.3.4.1 4.3.4.2	Manufacturing facilities	-	100%	Estimates: manufacturing facilities using small quantities of solvent are extrapolated on the basis of facilities monitoring pollution measurements (estimated at 9%)
E2-4 – Pollution (Microplastics)	4.7.4	Ingredients of finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	Exclusions: <ul style="list-style-type: none"> Manufacturing facilities: Pakistan, Argentina, Korea Aēsop Included manually: manufacturing facilities in India and Kenya over 11 months
E2-5 – Pollution (SVHC)					
E3-4 – Water	4.4.4.1	L'Oréal Groupe operated sites ⁽¹⁾	Water consumption	99%	Exclusion: Aēsop Estimates: stores and administrative and research sites with fewer than 50 employees
E5-4 – Resource inflows (packaging)	4.6.4.1	Primary and secondary packaging for finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	Exclusions: <ul style="list-style-type: none"> Manufacturing facilities: Kenya, Pakistan, Argentina Production flows not managed by L'Oréal manufacturing facilities (specific packaging for Travel Retail and additional packaging manufactured locally by subsidiaries) Aēsop, Stylenza 3CE, Skinbetterscience Included manually: manufacturing facilities in India
E5-4 – Resource inflows (ingredients)	4.6.4.1	Ingredients of finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	Included manually: manufacturing facilities in India and Kenya over 11 months Exclusions: <ul style="list-style-type: none"> Manufacturing facilities: Pakistan, Argentina, Korea Aēsop
E5-5 – Resource outflows (waste)	4.6.4.2	L'Oréal Groupe operated sites ⁽¹⁾	Total waste	100%	Exclusion: Aēsop Estimates: stores and administrative and research sites with fewer than 50 employees NB: includes all L'Oréal goods destroyed by suppliers, subcontractors or warehouses/3PLs at the site's request and expense

4 – Sustainability Report

Methodological notes

ESRS	Section	CSRD scope		2024 coverage	Exclusions and clarifications
		Scope covered	Type of coverage		
E5-5 – Resource outflows (packaging)	4.6.4.2	Primary and secondary packaging for finished products (including testers, samples and trial sizes) manufactured or subcontracted	Units produced	98%	Exclusions: <ul style="list-style-type: none"> Manufacturing facilities: Kenya, Pakistan, Argentina Production flows not managed by L'Oréal manufacturing facilities (specific packaging for Travel Retail and additional packaging manufactured locally by subsidiaries) Aēsop, Stylenanda 3CE, Skinbetterscience Included manually: manufacturing facilities in India
S1-6 – Characteristics of the undertaking's employees	4.8.5.1	Own workforce	Statutory employees	96%	Exclusions: Aēsop, Gjosa Included on a proportionate basis: Luxury of Retail, Centre Thermal de La Roche Posay, Real Campus by L'Oréal (hairstyling and entrepreneurship school) and Mugler Fashion
S1-8 – Collective bargaining coverage and social dialogue	4.8.5.2	Own workforce	Statutory employees in the European Economic Area	99%	
S1-9 – Diversity	4.8.5.3	Own workforce	Statutory employees	96%	
S1-10 – Adequate wages	4.8.5.4	Own workforce	Statutory employees	96%	
S1-12 – Persons with disabilities	4.8.5.5	Own workforce	Statutory employees	96%	
S1-14 – Health and safety	4.8.5.6	L'Oréal Groupe operated sites ⁽ⁱ⁾ , including sales teams for mobile staff and stores for in-store beauty advisors managed by L'Oréal (employees and non-employees treated as part of the workforce)	Statutory employees	96%	Exclusions: Centre Thermal de La Roche Posay and Aēsop
S1-16 – Remuneration	4.8.5.7	Own workforce	Statutory employees	95%	Exclusions: Aēsop, Gjosa, Luxury of Retail, Centre Thermal de La Roche Posay, Real Campus by L'Oréal (hairstyling and entrepreneurship school)
S1-17 – Human rights	4.8.5.8	Employees and non-employees in the workforce	-	100%	
G1-6 – Payment practices	4.13.2.2	Payments outside the Group	-	99%	Exclusions: Kenya and Aēsop

(i) Operated sites: operated sites correspond to all Group sites, irrespective of their purpose, except for sites typically with fewer than 50 employees. Sub-contracted distribution centres are not considered to be operated by the Group or under its operational control.

4.14.3 Data collection and details of methods used

ESRS E1 – Climate change

L'Oréal for the Future climate objectives (see section 4.2.5.1)

The L'Oréal for the Future objective of achieving 100% renewable energy is calculated on the basis of its operated sites, excluding estimates for stores and administrative sites with fewer than 50 employees.

The base year (2019) for the climate targets was determined in accordance with the recommendations of the SBTi. This choice corresponds both to the year in which the L'Oréal for the Future programme was launched and to the last fully representative year of activity before the Covid-19 pandemic.

E1-6 – Outcome of the greenhouse gas emissions assessment

Methodological principles and estimates

The methodology used is that of the GHG Protocol. Emissions from the vehicle fleet are estimated based on fuel consumption; where this is not available, emissions can be estimated on the basis of mileage. Energy consumption for stores is estimated as follows: consumption for surface areas is taken from the property database (Portfolio), and the estimates used in the calculation are taken from a study carried out by DEEPKI, a partner, in 2023.

Scope 1

Emission factors (EF) for Scope 1 are taken from the databases of the French Environment and Energy Management Agency (ADEME) for fossil fuels (natural gas, fuel oil, etc.), as well as from the Sixth Assessment Report of the IPCC (IPCC AR6), the International Energy Agency (IEA) and the UK's Department for Environment, Food and Rural Affairs (DEFRA), and are updated by the Operations Department in its GRAAL internal reporting tool.

Scope 2

Market-based method: EFs for the electricity, heat, steam and cooling networks are based on data from utility companies, the IEA, DEFRA and ADEME, and are input manually for each site in the GRAAL internal reporting platform or in the store and vehicle fleet calculation tools.

Location-based method: the location-based EF for electricity is a national EF, based on the country's electricity mix as published by the IEA. Exceptions may be granted for regional or sub-national EFs. They must be published by a competent authority (e.g., the total output emission rates published by eGRID in the US).

Level of uncertainty: for Scopes 1 & 2, the level of uncertainty at Group level is approximately 1% for manufacturing facilities and distribution centres, and 5% for administrative sites and research centres.

Scope 3

This is the sum of the categories relevant to L'Oréal identified by the GHG Protocol and detailed in the GHG Protocol's Corporate Value Chain (Scope 3) accounting and reporting standard.

76% of Scope 3 emissions are calculated on the basis of primary data.

For Scope 3, the level of uncertainty is higher given the volume of data required to calculate it, such as the emission factors of the energy used to heat the water necessary for the usage phase of L'Oréal's rinse-off products all over the world, the quantity of water necessary for rinsing, the carbon emissions of raw materials and packaging suppliers, distances travelled for transportation, etc.

The overall carbon impact of the Group's business activities is an essential measurement. In light of its commitments to combating climate change, L'Oréal strives each year to improve the reliability of these data. The level of uncertainty of the Group's Scope 3 emissions is estimated at between 20% and 30%.

Scope 3 categories	Scopes, calculation methods and tools
1. Products and services purchased	<p>Carbon emissions related to the preparation of all materials used for the products manufactured by the Group, and their promotion at points of sale. These emissions include the extraction of materials, their transport to suppliers, and their processing before delivery. The calculation is based on tonnages of packaging and raw materials, emission factors from the ADEME Carbon Base and ecoinvent, and specific life cycle assessments. The carbon emissions for this item also include carbon emissions related to:</p> <ul style="list-style-type: none"> • services purchased by L'Oréal, for which monetary emission factors are issued by the ADEME Carbon Base; • the extraction and production of materials used for the supply chain and the operated sites; • point-of-sale advertising and advertising accessories (POS), covering all stages of the life cycle; • data centres (operated) and clouds (private and public), based on internal data from the Group's IT system; • materials used to manufacture the products of partner brands sold via the SalonCentric network in the United States.

4 – Sustainability Report

Methodological notes

Scope 3 categories	Scopes, calculation methods and tools
2. Capital goods	Carbon emissions related to the manufacture of capital goods acquired or leased by L'Oréal (property, industrial equipment, packaging moulds, IT equipment, leased car fleet). Specific emission factors from the ADEME Carbon Base are used (in kgCO ₂ eq/€k for investments in industrial equipment, in kgCO ₂ eq/sq.m. for property acquisitions, and in kgCO ₂ eq/tonne for the manufacture of packaging moulds and cars for the leased vehicle fleet), as well as emission factors from the EIME database for ICT (information and communication technologies) equipment.
3. Fuel- or energy-related activities (not included in Scopes 1 & 2 emissions)	Carbon emissions related to the extraction, production and transportation of the fuel and energy purchased by L'Oréal and its subcontractors. It also includes losses through electricity distribution. Electricity-related emissions are calculated using the country-specific emission factor (source: IEA). By taking line losses into account, it is possible to calculate emissions related to the total electricity produced: these are estimated using country-specific loss factors (source: World Bank). Emissions related to upstream emissions from L'Oréal's vehicle fleet are also included in this category, calculated using the emission factor database created by the United Kingdom's Department for Energy Security and Net Zero (DESNZ) and its Department for Business, Energy & Industrial Strategy (DBEIS, formerly DEFRA).
4. Upstream transportation and distribution	CO ₂ emissions resulting from the transport of purchased items (raw materials, subcontracted finished products, packaging components and electronic equipment) between suppliers and L'Oréal manufacturing facilities. The emissions calculation uses the amount spent for each category of item and for each mode of transport. This expenditure is then multiplied by the corresponding emission factor (kgCO ₂ eq/k) from the ADEME Carbon Base. This category also includes emissions related to the transport and distribution of products sold, taking into account transport flows of finished products and promotional items from the production sites to delivery at the customer's first delivery site. Verified data from the Department for Transport is used.
5. Waste generated by sites	This category covers emissions related to the processing by third parties of production waste and wastewater from facilities operated or owned by L'Oréal. Emissions are calculated using a specific emission factor associated with the material (plastic, metal, glass, etc.) and the treatment process (source: ecoinvent). For wastewater, the rates at which our sites are connected to municipal wastewater treatment plants (WWTPs) are taken into account, as are the greenhouse gas emissions from the deterioration of wastewater and the emissions related to the energy used by wastewater treatment plants.
6. Business travel	This category covers carbon emissions from business travel for all Group employees. These emissions take into account the different modes of transport used (plane, train, car, etc.). The calculation is based on data collected by travel agencies (mileage, country, mode of transport) and on employees' expense accounts. The emission factors used depend on the mode of transport (kgCO ₂ e/passenger km) and are taken from the UK DESNZ and DBEIS databases.
7. Employee commuting	This category includes carbon emissions related to employee commuting from home to the workplace. Emissions are estimated for each country based on the number of employees and statistics from national transport bodies (car, bus, train, underground, bicycle, motorbike, etc.). The emission factors used depend on the mode of transport and the zone (Europe, North America, South America, Asia, Africa) and are taken from the ADEME Carbon Base and the ecoinvent database.
8. Upstream leased assets	Not applicable: L'Oréal does not operate any assets that are owned by other entities.
9. Downstream transportation and distribution	This category includes carbon emissions related to transport and distribution of distributor customers (internal estimation method).
10. Processing of sold products	Not applicable: production is used directly by the end customer. There is no transformation of intermediate products.
11. Use of sold products	This category includes carbon emissions related to the use of L'Oréal products by consumers. The direct use phase corresponds to emissions related to the use of aerosols (mainly hairsprays and deodorants containing propellant gas). The total quantity of propellant gas in the products L'Oréal sells is multiplied by the associated emission factors (source: IPCC). This category also includes emissions related to the use of the appliances sold (such as the SteamPod straightener). Optional emissions: the indirect use phase corresponds to emissions due to the hot water used to rinse off certain products, such as for example shampoos, shower gels and hair dyes. For each type of product that uses water, the quantity of hot water required to rinse it off is defined (source: Afnor French standards agency), internal studies and L'Oréal publications. Then, for each country where the products are sold, the residential water heating mix and the associated emission factors (source: IEA, ADEME Carbon Base) are used to estimate the amount of CO ₂ generated per litre of water used.

Scope 3 categories	Scopes, calculation methods and tools
12. End-of-life treatment of sold products	Carbon emissions linked to this category correspond to the processing of sold products after use: packaging processed in existing waste treatment channels and wastewater treated in water treatment plants. The calculation of carbon emissions mainly relates to the type and method of production of the energy used in each type of treatment process. This calculation incorporates internal data from the SPOT tool to determine the percentage of materials used in packaging that are treated, as well as emission factors from the ecoinvent database by type of material and process.
13. Downstream leased assets	The calculation of carbon emissions for effluents is based on the chemical oxygen demand (COD) of the different products and on statistics regarding treatment in the different countries. The primary data are collected from internal databases (raw materials and packaging materials), for which the carbon emissions relating to their end-of-life treatment are then calculated.
14. Franchises	Not applicable: L'Oréal does not operate any assets that are owned by other entities.
15. Investments	Not applicable: as L'Oréal's model of franchised stores is very limited, emissions related to the energy used by these stores are not taken into account.

Site-related environmental indicators

The Operations Department is responsible for the environmental metrics for Group sites. Environmental metrics are reported monthly by each entity in the L'Oréal GRAAL consolidation reporting tool, which is available in each country where a L'Oréal subsidiary is located.

E1-5 – Energy

GRAAL output data are reprocessed centrally to comply with the CSRD:

- higher heating value is converted to lower heating value (source: ADEME);
- the proportion of nuclear energy in fossil fuel consumption is estimated based on the proportion of nuclear energy produced in each country (source: IEA);
- estimated electricity consumption for L'Oréal's stores and sites with fewer than 50 employees: consumption for the surface areas are taken from the property database (Portfolio), and the estimates used in the calculation are based on a study carried out by the Group's DEEPKI partner in 2024;
- data are extrapolated based on site surface areas for administrative sites with fewer than 50 employees, and compared with the known values for administrative sites covered by the GRAAL reporting tool;
- L'Oréal considers 100% of this estimated energy to be non-renewable. The type of energy is determined by Deepki estimates.

E2-5 – Pollution of air and of water

NMVOC: manufacturing facilities using 90% of materials considered to be solvents and materials subject to restrictive legislation have drawn up a Solvent Management Plan (SMP) for 2024, based on consumption figures in 2023. For sites that have not drawn up an SMP in 2024, purchases of raw materials containing solvents are multiplied by the average emission factor of sites with an SMP.

COD: data are taken directly from the GRAAL reporting tool.

E3-4 – Water consumption

Total water consumption indicators are calculated based on monthly meter readings at each L'Oréal site, with the data consolidated using the GRAAL system.

The “recycled water” figure refers to water that has been treated and reintroduced into the company's water system for industrial or domestic use. “Reused water” refers to water that has already been initially used and is reused for another purpose, such as discharges from purified water treatment for product formulation that are then used in industrial processes.

The “Total water consumption in m³ in areas at water risk, including areas of high water stress” metric is calculated for the manufacturing facilities scope only. The consumption reported corresponds to that of facilities with a Water Risk Filter (WRF) DASH score of more than 3.0 (version 1). The WRF tool was developed by the German development finance institute DEG (*Deutsche Investitions- und Entwicklungsgesellschaft mbH*), in collaboration with WWF, and allows companies to identify and mitigate water-related risks in their activities. The resulting DASH score is a combination of various risk indicators most relevant to the sites, including the depletion of water resources, blue water scarcity and benchmark water stress. The score of 3.0 is recommended by the CDP as a criticality threshold on a scale of 1 to 5.

E5-5 – Resource outflows (waste)

The GRAAL internal reporting tool is completed each year by three elements:

- an annual calculation based on cumulative figures to the end of September, in compliance with CSRD requirements: breakdown of waste treatment between hazardous and non-hazardous waste for the Group's manufacturing facilities on a cumulative basis to the end of September. The data collected on this sample (which represents 65% of the Group's waste) are then extrapolated as follows: the breakdown between hazardous and non-hazardous waste for each type of treatment process is applied to the total amount of waste generated annually by the Group. Any remaining discrepancies are allocated on a pro rata basis to the treatments in each of the hazardous and non-hazardous waste categories;

4 – Sustainability Report

Methodological notes

2. an annual inventory of all L'Oréal products (finished products, semi-finished products, promotional material) destroyed externally by subcontractors at the request and expense of the sites (*Affaires Marchés*) in each country;
3. an extrapolation of data relating to site surface areas, for stores and administrative sites with fewer than 50 employees, versus known data for the administrative sites covered by the GRAAL reporting tool.

The L'Oréal for the Future waste target (material recycling and recovery) is calculated on the scope of operated sites, excluding estimates for stores and administrative sites with fewer than 50 employees, as well as L'Oréal products destroyed at suppliers' sites. The calculation includes two additional elements in relation to the E5-5 metrics defined by the CSRD:

1. rotating reusable packaging: reusable packaging is a packaging component (thermoformed packaging, big bags, Akylux boxes) that is reused in a closed loop between a L'Oréal site and a packaging supplier. Each use of this type of packaging is considered a re-use. Reusable packaging represented 20,391 tonnes in 2024;
2. regulations imposing incineration or landfill are removed from the calculation, leading to a reduction of 6,556 tonnes.

Product-related environmental metrics

The sustainability team reporting to the Packaging and Development Operations Department is responsible for packaging metrics.

The Research and Innovation (R&I) team is responsible for metrics concerning ingredients and materials.

E2-4 – Microplastics

L'Oréal assesses the microplastics in the raw materials contained in its formulas in accordance with the definition of the restriction on intentionally added microplastics (Annex XVII of the REACH Regulation). Calculations are performed using the raw material specification systems and the quantities used in production to manufacture the formulas. The quantities of raw materials identified as microplastics are added together and correspond to the percentage compared to the total amount of ingredients, which can be found in section 4.6.4.1.

E2-5 – Substances of very high concern

Substances of very high concern are identified in accordance with the REACH Regulation, based on the list of prospective substances drawn up by the European Chemicals Agency (ECHA). The same substance may be classified in several risk classes, which explains why the total quantity of substances of very high concern may be less than the sum of each class. The calculations are made using specification systems for formulas and production quantities. Formulas are broken down by substance to identify quantities of potential substances of very high concern. The reported figures correspond to the percentage of SVHC compared to the total amount of ingredients, which can be found in section 4.6.4.1.

E5-4 – Outcomes related to resource inflows

The calculations for packaging are based on the packaging and production item specification systems, while the calculations for ingredients are based on the formula specification system. The formulas are broken down into ingredients.

Social metrics

S1 – Own workforce

The Human Relations Department is responsible for indicators and metrics relating to social topics. Most of the data are collected using the "Country reporting" intranet, available in each country where a L'Oréal "subsidiary" is located. This system is input by HR systems (Successfactor or Saphir for employees, All Players for strategic roles and Rembox for monitoring remuneration metrics).

S1-6 – Own workforce

Employee numbers are published in a month-end headcount at 31 December. The scope covers all L'Oréal employees, including non-active employees (in particular those on long-term sick leave, notice of departure, early retirement, extended unpaid leave), as well as interns and apprentices to be considered according to their status under local law.

Employee turnover is calculated as the ratio between the number of permanent employees leaving the company during the year (resignations, retirements, mutual agreements, isolated redundancies or redundancy plans, deaths) and the average number of employees over the year (the number of employees at the beginning of the year plus the number at the end of the year), divided by two.

S1-8 – Collective bargaining coverage and social dialogue

L'Oréal publishes the metrics concerned for member countries of the European Economic Area in accordance with the transitional provisions.

S1-9 – Diversity metrics

As an indication, strategic positions are mainly those held by the participants in the Business Review meeting, namely: (i) the positions of members of the Executive Committee including the position of Chief Executive Officer, (ii) the positions of directors with a direct management link to the Chief Executive Officer, (iii) the positions of Zone General Managers, (iv) the positions of Zone Division General Managers, (v) the positions of country or cluster General Managers, (vi) the positions of International Brand Directors, (vii) the positions of members of Management Committees of Divisions, Zones, Corporate Research & Innovation and Functional Departments with a direct management link to the relevant member of the Executive Committee, (viii) the positions of Division General Managers for the United States, China and France markets, (ix) the positions of IT Directors who are members of Zone Management Committees, (x) the positions of other members of the Management Committee, members of the Executive Committee with the approval of the Chief Executive Officer.

S1-12 – Persons with disabilities

Disability data are based on individual reporting and therefore depend on local legislation and cultures. Some countries do not yet report persons with disabilities, as the cultural environment may prevent people from declaring their disability.

S1-14 – Health and safety metrics

The Operations Department is responsible for the EHS metrics for Group sites. These are reported monthly by each entity in the GRAAL consolidated reporting tool for safety data, which is available in each country where a L'Oréal subsidiary operates. Health and safety reporting includes manufacturing facilities, internal distribution centres, research centres, administrative sites with more than 50 employees, as well as all stores and sales teams.

This reporting system allows all data on work-related accidents within the Group to be collected. Data on work-related accidents are categorised, from fatal accidents (also including deaths due to occupational illness) to first aid. L'Oréal includes all accidents, from fatalities to accidents requiring medical treatment (excluding commuting accidents and first response care) in its frequency and severity rate for accidents at work (eTIR) and in its total number of accidents under the CSRD.

The ISO 45001 certifications covering 97% of manufacturing facilities and the corpus of rules (EHS manual and all associated procedures) applicable to the Group's chief executive officers ensure that 100% of employees are covered by the Health and Safety management system based on legal requirements and/or recognised standards or guidelines.

S1-16 – Remuneration metrics

Gender pay gap

The components of remuneration taken into account are the annualised base salary at 31 December, as well as the variable remuneration received during a given year (bonuses, commission and profit sharing) and any long-term incentive plans (LTIPs) awarded during that year, as calculated at fair value. One-off bonuses, fixed remuneration, shift premiums, car allocations and overtime are not included. For expatriate employees, L'Oréal takes into account the "home country benchmark salary" and the "home country benchmark bonus", not the remuneration in the host country.

Foreign currencies are converted into euros using the exchange rate at 31 December as set by the Group.

The contracts taken into account in the calculations include apprentices and interns if they are defined as employees under standards applicable to the country. Maternity and parental leave as well as long-term sick leave are excluded from the calculation in 2024 but will be included in 2025.

Due to the high proportion of beauty advisors in the Group's workforce (almost 25%), L'Oréal reports pay gaps for two scopes: one excluding beauty advisors and one covering beauty advisors only. The beauty advisor population, 90% of whom are women, has the lowest pay levels in the Group.

Remuneration ratio

The components of remuneration taken into account are the annualised base salary at 31 December, as well as the variable remuneration received during a given year (bonuses, commission and profit sharing) and any long-term incentive plans (LTIPs) awarded during that year, as calculated at fair value. One-off bonuses, fixed remuneration, shift premiums, car allocations and overtime are not included. For expatriate employees, L'Oréal takes into account the "home country benchmark salary" and the "home country benchmark bonus", not the remuneration in the host country.

Foreign currencies are converted into euros using the exchange rate at 31 December as set by the Group.

Expatriates are associated with their home region rather than their host region.

A pay gap ratio by zone is also published, combining emerging and mature countries with a similar cost of living into homogeneous groups.

S1-17 – Incidents, complaints and severe human rights impacts

The Ethics, Risks and Compliance Department is responsible for social metrics relating to (i) reported incidents and complaints of discrimination, including harassment, and (ii) severe human rights incidents connected to the Company's workforce. It works with the Legal Department to identify the fines, penalties and compensation for damages as a result of these incidents and complaints.

Number of incidents/complaints: calculations are based on proven reports identified using established procedures (in particular the Speak Up whistleblowing platform).

Fines, penalties and compensation for damages as a result of incidents: L'Oréal includes fines, penalties and compensation for damages levied by a judicial or administrative authority. Any damages awarded as part of individual settlements are not taken into account insofar as they are strictly confidential and relate to disputed allegations (a dispute must exist for a settlement to be reached).

Other metrics

GOV-1 – The role of the administrative, management and supervisory bodies

Gender equality ratio: this ratio is calculated based on the list of members of the Board of Directors, excluding Directors representing the employees.

4.15 CSRD Annexes

4.15.1 Incorporation of information by reference (ESRS 2 – BP 2 – 16)

Disclosure requirement or data point	Incorporation by reference	Cross-reference	Incorporated into
ESRS 2/GOV-5 36	Description of risk management and internal controls in relation to sustainability reporting	3.4 Preparation and processing of sustainability information	4.1.3
ESRS 2/SBM-1/40 a iii	Headcount of employees by geographical areas	Note 5 in section 5.6 Notes to the consolidated financial statements	4.7.5.1
ESRS 2/SBM-1/40 e	Information on the creation of value for stakeholders	1.3.2 Value chain	4.1.3.3
ESRS 2/SBM-1/42	Description of the business model and value chain	1.3.1 Business model 1.3.2 Value chain	4.1
E1/GOV-3	Description of the sustainability criteria (including climate criteria) used to assess the performance of members of governance bodies	2.4.1.2.1 Remuneration policy applicable to the executive corporate officer 2.4.2.2.2 Annual variable remuneration 2.4.2.2.3 Granting of performance shares	4.1.1
E2-1/14	Description of risk management as part of the policy related to pollution	3.5.4.2 Risks and Applicable Rules to prevent serious adverse impacts on Safety and Health in the workplace and the Environment	4.3.3.2
S1-14/90	Risk assessments via occupational health and safety audits	3.5.5.2 Monitoring compliance with the Vigilance Plan	4.7.2.2.3
S2-4/32d	Monitoring and assessment of the impact of actions on workers' rights (by managing the outcomes of social audits)	3.5.5.2 Monitoring compliance with the Vigilance Plan	4.9.2.1
S2-4/34a	Assessment of key suppliers' social risk management system maturity	3.5.4.1 Risks and Applicable Rules for the prevention of serious violations of Human Rights and Fundamental Freedoms	4.9.2.1
S2-4/36	Transparency on human rights incidents in the value chain	3.5.4.1 Risks and Applicable Rules for the prevention of serious violations of Human Rights and Fundamental Freedoms	4.9.1
G1/GOV-1	Governance of ethical principles	3.2.1 Organisation, environment, controls and surveillance	4.13.2.1

4.15.2 Statement on due diligence (GOV-4)

Core elements of due diligence	Sections in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	4.1.1 Corporate governance: the cornerstone of the Group's transformation
b) Engaging with affected stakeholders in all key steps of the due diligence	4.1.3.2 Importance of continuous stakeholder dialogue
c) Identifying and assessing adverse impacts	4.1.3.1 The Group's double materiality assessment methodology
d) Taking actions to address those adverse impacts	4.1.3.3 Findings of the material topics For each material negative impact, the remediation measures are explained in the second section (policy) and the third section (action plans) of the topic in question.
e) Tracking the effectiveness of these efforts and communicating	4.1.3.3 Findings of the material topics The monitoring of the effectiveness of these efforts is explained in the second section (policy), third section (action plans) and fourth section (quantitative results) of this report.

4.15.3 Disclosure Requirements in ESRS covered by the sustainability statement (ESRS 2 IRO-2 56)

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS 2 General disclosures	BP-1: General basis for preparation of the sustainability statements	4.14.1 Scope of consolidation
	BP-2: Disclosures in relation to specific circumstances:	4.14 Methodological notes
	GOV-1: The role of the administrative, management and supervisory bodies	4.11. The composition and diversity of the undertaking's administrative, management and supervisory bodies
	GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	4.11.1. The composition and diversity of the undertaking's administrative, management and supervisory bodies
	GOV-3: Integration of sustainability-related performance in incentive schemes	2.4.1.2.1. Diagram showing the balance between the different components of the target annual remuneration
	GOV-4: Statement on due diligence	4.15.2 Statement on due diligence
	GOV-5: Risk management and internal controls over sustainability reporting	3.4. Preparation and processing of sustainability information
	SBM-1: Strategy, business model and value chain	1.3.1 A value-creating model 1.3.2 Value chain
	SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.1.3.3. Findings of the material topics
ESRS E1 Climate change	IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	4.1.3.1 Methodology
	IRO-2: Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	4.15.3 List of data points in cross-cutting and topical standards derived from other EU legislation in application of ESRS 2, Appendix B
	ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes	2.4.1.2.1. Diagram showing the balance between the different components of the target annual remuneration
	ESRS 2 IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities	4.2.1 Background
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.1.1 Material climate-related impacts, risks and opportunities
	E1-1: Transition plan for climate change mitigation	4.2.3 Climate transition plan
	E1-2: Policies related to climate change mitigation and adaptation	4.2.3 Climate transition plan 4.2.4 Climate adaptation plan
	E1-3: Actions and resources in relation to climate change policies	4.2.3 Climate transition plan 4.2.4 Climate adaptation plan
	E1-4: Targets related to climate change mitigation and adaptation	4.2.5 Climate outcomes
	E1-5: Energy consumption and mix	4.2.5.2 Outcomes for energy consumption and energy mix (E1-5)
	E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions	4.2.5.3 Outcome of the greenhouse gas emissions assessment (E1-6)
	E1-7: GHG removal and mitigation projects financed through carbon credits	4.2.5.4 GHG removals and GHG mitigation projects financed through carbon credits (E1-7)
	E1-8: Internal carbon pricing	Not material for L'Oréal
	E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phased

4 – Sustainability Report

CSRD Annexes

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS E2 Pollution	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities related to pollution E2-1: Pollution-related policies E2-2: Actions and resources related to pollution E2-3: Targets related to pollution E2-4: Pollution of air, water and soil E2-5: Substances of concern and substances of very high concern E2-6: Anticipated financial effects from pollution-related impacts, risks and opportunities	4.3.1 Background 4.3.2 Pollution-related policies 4.3.3 Action plans in place 4.3.4.3 Other outcomes linked to L'Oréal's own pollution of water 4.3.4 Pollution-related outcomes Phased
ESRS E3 Water resources	ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities E3-1 – Policies related to water and marine resources E3-2 – Actions and resources related to water and marine resources E3-3 – Targets related to water and marine resources E3-4 – Water consumption E3-5 – Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	4.4.1 Background 4.4.2 Water policies 4.4.3 Action plans in place <i>L'Oréal has not set a quantitative target for this issue</i> 4.4.4.1 CSRD disclosure requirements relating to water consumption (E3-4) Phased
ESRS E4 Biodiversity and ecosystems	ESRS 2 IRO-1: Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model E4-1: Transition plan and consideration of biodiversity and ecosystems in strategy and business model E4-2: Policies related to biodiversity and ecosystems E4-3: Actions and resources related to biodiversity and ecosystems E4-4: Targets related to biodiversity and ecosystems E4-5: Impact metrics related to change in biodiversity and ecosystems E4-6: Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	4.5.1.1 Material biodiversity-related impacts, risks and opportunities 4.5.1.1 Material biodiversity-related impacts, risks and opportunities N/A 4.5.2 Policies related to biodiversity 4.5.3 Action plans in place <i>L'Oréal has not set a quantitative target for this issue</i> N/A Phased
ESRS E5 Resource use and circular economy	ESRS 2 IRO-1: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities E5-1: Policies related to resource use and circular economy E5-2: Actions and resources related to resource use and circular economy E5-3: Targets related to resource use and circular economy E5-4: Resource inflows E5-5: Resource outflows E5-6: Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	4.1.3.1 The Group's double materiality assessment methodology 4.6.2 Circular economy policies 4.6.3 Action plans in place <i>L'Oréal has not set a quantitative target for this topic</i> 4.6.4.1 Outcomes related to resource inflows (E5-4) 4.6.4.2 Outcomes related to resource outflows (E5-5) Phased

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS S1 Own workforce	ESRS 2 SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.1.3.1 The Group's double materiality assessment methodology
	S1-1: Policies related to own workforce	4.7.2.1 Policies 4.7.3.1 Policies 4.7.4.1 Policies 4.8.2 Personal data protection policy
	S1-2: Processes for engaging with own workers and workers' representatives about impacts	4.7.2.1.1 HR policy in the area of social dialogue, freedom of association and collective bargaining
	S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns	4.7.4.1.3 Human rights policy: no violence or harassment in the workplace
	S1-4: Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions and approaches	4.7.2.2 Action plans 4.7.3.2 Action plans 4.7.4.2 Action plans 4.8.3 Action plans in place
	S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	4.7.2.2.3 Ensuring occupational health and safety 4.7.4.2.1 Turning our differences into opportunities
	S1-6: Characteristics of the undertaking's employees	4.7.5.1 Characteristics of the undertaking's employees (S1-6)
	S1-7: Characteristics of non-employee workers in the undertaking's own workforce	Phased
	S1-8: Collective bargaining coverage and social dialogue	4.7.5.2 Collective bargaining coverage and social dialogue (S1-8)
	S1-9: Diversity metrics	4.7.5.3 Diversity metrics (S1-9)
	S1-10: Adequate wages	4.7.5.4 Adequate wages (S1-10)
	S1-11: Social protection	Not material for L'Oréal
	S1-12: Persons with disabilities	4.7.5.5 Persons with disabilities (S1-12)
	S1-13: Training and skills development metrics	Phased
	S1-14: Health and safety metrics	4.7.5.6.1 Health and safety metrics required by ESRS S1-14
	S1-15: Work-life balance metrics	Phased
	S1-16: Remuneration metrics (pay gap and total remuneration)	4.7.5.7 Remuneration metrics (S1-16)
	S1-17: Incidents, complaints and severe human rights impacts	4.7.5.8 Incidents, complaints and severe human rights impacts (S1-17)

4 – Sustainability Report

CSRD Annexes

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS S2 Workers in the value chain	ESRS 2 SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.9.1.1 Material impacts, risks and opportunities related to respect for human rights in the value chain
	S2-1: Policies related to value chain workers	4.9.2 Human rights policies
	S2-2: Processes for engaging with value chain workers about impacts	4.9.3 Action plans in place
	S2-3: Processes to remediate negative impacts and channels for value chain workers to raise concerns	4.9.3 Action plans in place
	S2-4: Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	4.9.3 Action plans in place
ESRS S3 Affected communities	S2-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>L'Oréal has not set a quantitative target for this topic</i>
	ESRS 2 SBM-2: Interests and views of stakeholders	4.1.3.2 Importance of continuous stakeholder dialogue
	ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.9.1 Background
	S3-1: Policies related to affected communities	4.9.2 Human rights policies
	S3-2: Processes for engaging with affected communities about impacts	4.9.3 Action plans in place
	S3-3: Processes to remediate negative impacts and channels for affected communities to raise concerns	4.9.3 Action plans in place
	S3-4: Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	4.9.3 Action plans in place
	S3-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>L'Oréal has not set a quantitative target for this topic</i>

ESRS	Disclosure Requirements	Reference in L'Oréal's sustainability statement
ESRS S4 Consumers and end-users	ESRS 2 SBM-2: Interests and views of stakeholders ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	4.1.3.2 Importance of continuous stakeholder dialogue 4.8.1.1 Material impacts, risks and opportunities related to privacy and personal data protection 4.10.1.1 Material impacts, risks and opportunities related to product safety 4.11.1.1 Material impacts, risks and opportunities related to responsible labelling and consumption 4.12.1.1 Material impacts, risks and opportunities related to responsible marketing and advertising
	S4-1: Policies related to consumers and end-users	4.8.2 Personal data protection policy 4.10.2 Quality and safety policy 4.11.2 Policies to help consumers make sustainable choices 4.12.2 A marketing policy that puts responsibility first
	S4-2: Processes for engaging with consumers and end-users about impacts	4.8.3 Action plans in place 4.10.3 Action plan in place 4.11.3 Action plans in place 4.12.3 Action plans in place
	S4-3: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	4.8.3 Action plans in place 4.10.3 Action plan in place 4.11.3 Action plans in place 4.12.3 Action plans in place
	S4-4: Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	4.8.2 Personal data protection policy 4.10.2 Quality and safety policy 4.11.2 Policies to help consumers make sustainable choices 4.12.2 A marketing policy that puts responsibility first
	S4-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	<i>L'Oréal has not set a quantitative target for this topic</i>
ESRS G1 Business conduct	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities G1-1: Business conduct policies and corporate culture G1-2: Management of relationships with suppliers G1-3: Prevention and detection of corruption and bribery G1-4: Confirmed incidents of corruption or bribery G1-5: Political influence and lobbying activities G1-6: Payment practices	4.13.1 Background 4.13.2 Responsible business conduct policies 4.13.2.2 Policy for responsible relationships with suppliers Not material for L'Oréal Not material for L'Oréal Not material for L'Oréal 4.13.4 Outcomes related to payment practices (G1-6)

4.15.4 List of datapoints in cross-cutting and topical standards that derive from other EU legislation (ESRS 2 Appendix B)

Disclosure Requirement	Data point	Disclosure	Legislative reference	Section
ESRS 2				
GOV-1	21 (d)	Board's gender diversity	SFDR, Benchmark Regulation reference ⁽¹⁾	4.1.1
GOV-1	21 (e)	Percentage of independent Board members	Benchmark Regulation reference	4.1.1
GOV-4	30	Statement on due diligence	SFDR	4.15
SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	SFDR, Pillar 3	Not material for L'Oréal
SBM-1	40 (d) ii	Involvement in activities related to chemical production	SFDR	Not material for L'Oréal
SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	SFDR, Benchmark Regulation reference	Not material for L'Oréal
SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco	Benchmark Regulation reference	Not material for L'Oréal
CLIMATE CHANGE (E1)				
E1-1	14	Transition plan to reach climate neutrality by 2050	EU Climate Law reference	4.2.3
E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks	Pillar 3, Benchmark Regulation reference	Not material for L'Oréal
E1-4	34	GHG emission reduction targets	SFDR, Pillar 3, Benchmark Regulation reference	4.2.3.1
E1-5	37	Energy consumption and mix	SFDR	4.2.5.2
E1-5	38	Energy consumption from fossil sources disaggregated by sources	SFDR	4.2.5.2
E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	SFDR	4.2.5.2
E1-6	44	Gross Scopes 1, 2 & 3 and Total GHG emissions	SFDR, Pillar 3, Benchmark Regulation reference	4.2.5.3
E1-6	53-55	Gross GHG emissions intensity	SFDR, Pillar 3, Benchmark Regulation reference	4.2.5.3
E1-7	56	GHG removals and carbon credits	EU Climate Law reference	Not material for L'Oréal
E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks	Benchmark Regulation reference	Phased
E1-9	66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk	Pillar 3	Phased
E1-9	66 (c)	Location of significant assets at material physical risk	Pillar 3	Phased
E1-9	67 (c)	Breakdown of the carrying value of real estate assets by energy-efficiency classes	Pillar 3	Phased
E1-9	69	Degree of exposure of the portfolio to climate-related opportunities	Benchmark Regulation reference	Phased
POLLUTION (E2)				
E2-4	28	Quantity of material pollutants from Annex II of the E-PRTR regulation	SFDR	4.3.4

Disclosure Requirement	Data point	Disclosure	Legislative reference	Section
WATER RESOURCES (E3)				
E3-1	9	Water and marine resources	SFDR	4.4.1
E3-1	13	Dedicated policy	SFDR	4.4.2
E3-1	14	Sustainable oceans and seas	SFDR	Not material for L'Oréal
E3-4	28 (c)	Total water recycled and reused	SFDR	4.4.4.1
E3-4	29	Total water consumption in m ³ per net revenue on own operations	SFDR	4.4.4.1
BIODIVERSITY (E4)				
ESRS 2 - IRO 1 - E4	16 (a) i	List of material sites in own operations: activities negatively affecting biodiversity	SFDR	Not material for L'Oréal
ESRS 2 - IRO 1 - E4	16 (b)	Identification of material negative impacts with regards to land degradation, desertification or soil sealing	SFDR	Not material for L'Oréal
ESRS 2 - IRO 1 - E4	16 (c)	Operations that affect threatened species	SFDR	Not material for L'Oréal
E4	24 (b)	Sustainable land/agriculture practices or policies	SFDR	4.5.2/4.9.2.2
E4	24 (c)	Sustainable oceans/seas practices or policies	SFDR	Not material for L'Oréal
E4	24 (d)	Policies to address deforestation	SFDR	4.5.2/4.9.2.2
RESOURCE USE AND CIRCULAR ECONOMY (E5)				
E5-5	37 (d)	Non-recycled waste	SFDR	4.6.4.2
E5-5	39	Hazardous waste	SFDR	4.6.4.2
E5-5	39	Radioactive waste	SFDR	Not material for L'Oréal
OWN WORKFORCE (S1)				
ESRS 2 - SBM3 - S1	14 (f)	Risk of incidents of forced labour	SFDR	Not material for L'Oréal
ESRS 2 - SBM3 - S1	14 (g)	Risk of incidents of child labour	SFDR	Not material for L'Oréal
S1-1	20	Human rights policy commitments	SFDR	4.7.2.1.1/ 4.7.4.1.3
S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Benchmark Regulation reference	4.7.2.1.1
S1-1	22	Processes and measures for preventing trafficking in human beings	SFDR	Not material for L'Oréal
S1-1	23	Workplace accident prevention policy or management system	SFDR	4.7.2.1.3/ 4.7.2.2.3
S1-3	32 (c)	Availability of a grievance/complaints handling mechanism	SFDR	4.7.1.2/4.13.2
S1-14	88 b-c	Number of fatalities and number and rate of work-related accidents	SFDR, Benchmark Regulation reference	4.7.5.6.1
S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	SFDR	4.7.5.6.1
S1-16	97 (a)	Unadjusted gender pay gap	SFDR, Benchmark Regulation reference	4.7.5.7
S1-16	97 (b)	Excessive CEO pay ratio	SFDR	4.7.5.7
S1-17	103 (a)	Incidents of discrimination	SFDR	4.7.5.8
S1-17	104	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR, Benchmark Regulation reference	4.7.5.8

4 – Sustainability Report

CSRD Annexes

Disclosure Requirement	Data point	Disclosure	Legislative reference	Section
WORKERS IN THE VALUE CHAIN (S2)				
ESRS 2 - SBM3 - S2	11	Significant risk of child labour or forced labour in the value chain	SFDR	4.1.3.2/4.9.1.1
S2-1	17	Human rights policy commitments	SFDR	4.9.2.1
S2-1	17	Policies related to value chain workers	SFDR	4.9.2.1
S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR, Benchmark Regulation reference	4.9.2.1
S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	Benchmark Regulation reference	4.9.2.1
S2-4	36	Human rights issues and incidents connected to the upstream and downstream value chain	SFDR	3.5.4.1
AFFECTED COMMUNITIES (S3)				
S3-1	16	Human rights policy commitments	SFDR	4.9.2.1
S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles and/or OECD guidelines	SFDR, Benchmark Regulation reference	4.9.2.1
S3-4	36	Human rights issues and incidents	SFDR	N/A
CONSUMERS AND END-USERS (S4)				
S4-1	16	Policies related to consumers and end-users	SFDR	4.8.2/ 4.10.2/ 4.11.2/ 4.12.2
S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR, Benchmark Regulation reference	N/A
S4-4	35	Human rights issues and incidents	SFDR	N/A
BUSINESS CONDUCT (G1)				
G1-1	10	United Nations Convention against Corruption	SFDR	Not material for L'Oréal
G1-1	10 (d)	Protection of whistleblowers	SFDR	4.13.2.1/ 4.13.3.1
G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	SFDR, Benchmark Regulation reference	Not material for L'Oréal
G1-4	24 (b)	Standards of anti-corruption and anti-bribery	SFDR	Not material for L'Oréal

(i) Delegated Regulation (EU) 2020/1816, Annex II

4.16 Issuance of a sustainability-linked bond

On 22 March 2022, the Group issued its first sustainability-linked bond (SLB). This fixed-rate issue, which has a maturity of four years and three months and amounts to €1,250 million, is accompanied by a coupon of 0.875% per year. It is aligned with the Group's Sustainability-Linked Financing Framework, which covers all financial instruments with characteristics that are linked to the sustainability objectives. The bond was established with reference to the 2020 SLB Principles as defined by the International Capital Market

Association. The Group's Sustainability-Linked Financing Framework was independently assessed by Sustainalytics, an organisation that evaluates the sustainability of listed companies, which noted contributions to three of the United Nations Sustainable Development Goals. The financial characteristics of the SLB are linked to three performance objectives that are related to sustainability. These objectives are presented below along with their 2024 level of achievement in relation to the objectives for 2025.

Performance objectives	2024 outcomes	2025 target
All L'Oréal operated sites will achieve 100% renewable energy ⁽¹⁾ (formerly known as "carbon neutral") by 31 December 2025.	96%	100%
Greenhouse gas emissions (Scopes 1, 2 & 3) on a "cradle-to-shelf" scope will be reduced by 14% per product sold by 2025 compared to the 2021 base year ⁽²⁾ .	436g of CO ₂ per product sold	-14%
By 2025, 50% of the Group's plastic packaging will be recycled or biobased.	37%	50%

- (1) A site must meet the following criteria: Direct CO₂ (Scope 1) = 0, with the specific exception of the gas used for catering, the fuel oil used for sprinkler tests, the fuel oil (or diesel) used temporarily by backup units, fossil energy consumed during maintenance of on-site renewable facilities and cooling gas leaks if they are lower than 130 tonnes CO₂eq/year; and indirect market-based CO₂ (Scope 2) = 0.
(2) The CO₂ emissions by product sold in this cradle-to-shelf scope exclude emissions from Aésop sites and products.

4.17 Glossary of acronyms and initialisms used in the Sustainability Report

ACA: Conditional share grant

ASD: Action for Sustainable Derivatives (sustainable palm oil initiative)

BAC: Biobased, derived from abundant materials or from circular processes

B4B+: Business for Positive Biodiversity

BRGM: Bureau de recherches géologiques et minières (French geological and mining research bureau)

CAFFCI: China Association of Fragrance Flavour and Cosmetic Industries

CAPEX: Capital expenditure

CDP: Carbon Disclosure Project, a non-profit organisation that provides an environmental reporting framework for the private and public sectors

CEMS: Community of European Management Schools and International Companies

CFC: Chlorofluorocarbons

CHERIE: Checklist for the harmonisation of fire and explosion risk assessments

CIF: Circular Innovation Fund

CIRAIQ: International reference centre for the life cycle of products, processes and services

NMVOC: Non-Methane Volatile Organic Compounds

CPGS: Corporate Procurement Guideline for Suppliers

CRHR: Human Resources and Remuneration Committee

CSR: Corporate Sustainability Reporting Directive

CSDD: Corporate Sustainability Due Diligence Directive

CTPA: Cosmetic, Toiletry & Perfumery Association

COD: Chemical Oxygen Demand

DNSH: Do No Significant Harm

EEA: European Economic Area

EDGE: Economic Dividends for Gender Equality

EHS: Environment, Health and Safety

E-PRTR: European Pollutant Release and Transfer Register

ERGO: EndocRine Guideline Optimisation

ESG: Environmental, Social and Governance

ESRS: European Sustainability Reporting Standards

EF: Emission factors

FEATS: French Endocrine-related Adverse effects Testing Strategy

FEBEA: Fédération des Entreprises de la Beauté (French federation of beauty companies)

FLA: Fair Labor Association

FPIC: Free, Prior and Informed Consent

FSC: Forest Stewardship Council

GEEIS: Gender Equality European International Standard

GHG: Greenhouse gases

GHAP: Global Hazard Analysis Process

IPCC: Intergovernmental Panel on Climate Change

GRAAL: Global Reporting And Analysis for L'Oréal (internal reporting tool)

GW: Goodwill

HESI: Health and Environmental Sciences Institute

HDI: The Sustainable Trade Initiative

IFRS 16: International Financial Reporting Standard 16, Leases

(1) Sites operated by the Group, excluding site safety and security equipment.

4 – Sustainability Report

Glossary of acronyms and initialisms used in the Sustainability Report

IP Proterra: Proterra International Procurement Program

IUCN: International Union for Conservation of Nature

LGPD: Brazilian general law on the protection of personal data

LIM: L'Oréal Incident Management

LIFE: Life-changing Incidents or Fatality Events

MECL: Mutual Ethical Commitment Letter

MESUR: French synonym for manage efficiently using recognition and realignment.

MSA.ha: Mean Species Abundance per hectare

NACE: Statistical classification of economic activities in the European Community

OECD: Organisation for Economic Co-operation and Development

ILO: International Labour Organization

NGO: Non-Governmental Organisation

OP2B: One Planet Business for Biodiversity

OpEx: Operating expenditure

OPTICIP: OPTImisation Cleaning In Place (method for cleaning industrial equipment)

PEFC: Programme for the Endorsement of Forest Certification schemes

PESTEL: Political, Economic, Social, Technological, Environmental, and Legal (analysis of macro-environmental factors)

SMP: Solvent Management Plan

PIPL: Personal Information Protection Law (China)

POS advertising: Point-of-sale advertising

POS1: Point-of-sale advertising of other liquid-based products (e.g., samples, testers or trial sizes)

POS2: Point-of-sale advertising of other liquid-free products (e.g., displays or posters)

PSF: Platform for Sustainable Finance

PSM: Process Safety Management

R&I: Research and Innovation

RCP: Representative Concentration Pathways (scenarios for changes in greenhouse gas concentrations)

EPR: Extended Producer Responsibility

GDPR: General Data Protection Regulation

HR: Human Relations

RSPO: Roundtable on Sustainable Palm Oil

RTRS: Round Table on Responsible Soy association

SA 8000: Social Accountability 8000 (international standard for social responsibility)

SAC: Safety Awareness Communication

SBTi: Science Based Targets initiative (for reducing emissions)

SCAN index: Sustainability Consortium Assessment index

SFDR: Sustainable Finance Disclosure Regulation

SHAP: Site Hazard Analysis Process

SIO: Safety Improvement Opportunity

SOC: Substances Of Concern

SPOT: Sustainable Product Optimisation Tool

STAR: Species Threat Abatement and Recovery (biodiversity metric)

SVHC: Substances of Very High Concern

TCFD: Task Force on Climate-related Financial Disclosures

LTIR: Lost Time Injury Rate (for accidents)

eTIR: Enlarged Total Incident Rate (number of accidents with and without lost time for L'Oréal employees and temporary workers, per million hours worked)

TNFD: Taskforce on Nature-related Financial Disclosures

UNGP: United Nations Guiding Principles on business and human rights

VIE: French international business internship

WFA: World Federation of Advertisers

WPS: Worldwide Profit Sharing

4.18 Statutory Auditors' report

Report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2024

This is a free translation into English of the Statutory Auditors' report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

To the Annual General Meeting of L'Oréal,

This report is issued in our capacity as statutory auditors of L'Oréal. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2024 and presented in Chapter 4 "Sustainability Report" of the management report, included in the universal registration document (hereinafter the "Sustainability Report").

Pursuant to Article L. 233-28-4 of the French Commercial Code, L'Oréal is required to include the above-mentioned information in a separate section of its management report. This information has been prepared in the context of the first-time application of the aforementioned Articles, a context characterized by uncertainties regarding the interpretation of the laws and regulations, the use of significant estimates, the absence of established practices and frameworks in particular for the double-materiality assessment, and an evolving internal control system. This information enables an understanding of the impact of the activity of the Group on sustainability matters, as well as the way in which these matters influence the development of the business of the Group, its performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to Article L. 821-54 paragraph II of the aforementioned Code, our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to Article 29 b of Directive (EU) 2013/34 of the European Parliament and of the Council of 14 December 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by L'Oréal to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code;
- compliance of the sustainability information included in the Sustainability Report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS; and
- compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including independence, and quality control rules prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on *Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852*.

In the three separate sections of the report that follow, we present, for each of the sections of our engagement, the nature of the procedures that we carried out, the conclusions that we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures that we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken individually and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three sections of our engagement.

Finally, where deemed necessary to draw your attention to one or more disclosures of sustainability information provided by L'Oréal in its management report, we have included an emphasis of matter(s) paragraph hereafter.

Limits of our engagement

As the purpose of our engagement is to express limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

Furthermore, this engagement does not provide a guarantee regarding the viability or the quality of the management of L'Oréal, in particular it does not provide an assessment, of the relevance of the choices made by L'Oréal in terms of action plans, targets, policies, scenario analyses and transition plans, which would go beyond compliance with the ESRS reporting requirements.

It does, however, allow us to express conclusions regarding the Entity's process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Any comparative information that would be included in the management report is not covered by our engagement.

Compliance with the ESRS of the process implemented by L'Oréal to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by L'Oréal has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities, that lead to the publication of information disclosed in the Sustainability Report, and
- the information provided on this process also complies with the ESRS.

We also checked the compliance with the requirement to consult the social and economic committee.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by L'Oréal with the ESRS.

We inform you that, as of the date of this report, the consultation of the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labor Code has not yet been performed.

Elements that received particular attention

We present hereafter the elements that have been the subject of particular attention on our part concerning the compliance with the ESRS of the process implemented by L'Oréal to determine the information published.

Information relating to the identification of stakeholders and impacts, risks and opportunities, as well as to the assessment of impact materiality and financial materiality, is mentioned in the "4.1.3 The Group's double materiality analysis: mapping of impacts, risks and opportunities" section of the Sustainability Report.

Concerning the identification of stakeholders

We obtained an understanding of the analysis carried out by the Entity to identify the stakeholders who may affect the entities in the scope of the information or may be affected by them, through their activities and direct or indirect business relationships in the value chain.

We interviewed the Sustainability and Legal departments and reviewed the available documentation. In particular, our work consisted in assessing the consistency of the main stakeholders identified by the Entity with the nature of its activities and its geographical location, taking into account its business relationships and value chain.

Concerning the identification of impacts, risks and opportunities

We obtained an understanding of the process implemented by the Group to identify actual or potential impacts (negative or positive), risks and opportunities ("IRO") in relation to the sustainability issues mentioned in paragraph AR 16 of the "Application requirements" of ESRS 1.

In particular, we assessed the approach implemented by the Entity to determine its impacts and dependencies, which may be a source of risks or opportunities.

Concerning the assessment of impact materiality and financial materiality

Through interviews with the Finance, Legal and Sustainability departments and a review of available documentation, we obtained an understanding of the impact materiality and financial materiality assessment process implemented by the Entity, and assessed its compliance with the criteria defined by ESRS 1.

In particular, we assessed the way in which the Entity established and applied the materiality criteria for the information defined by ESRS 1, including those relating to the setting of thresholds, to determine the information to be published under the indicators relating to material IROs identified in accordance with the relevant thematic ESRS.

Compliance of the sustainability information included in the Sustainability Report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided enable an understanding of the general basis for the preparation and governance of the sustainability information included in the Sustainability Report, including the basis for determining the information relating to the value chain and the exemptions from disclosures used;
- the presentation of this information ensures its readability and understandability;
- the scope chosen by L'Oréal for providing this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, this information does not contain any material errors, omissions or inconsistencies, i.e. that are likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the Sustainability Report, with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the information provided in the "Uncertainties and limitations" paragraph presented in section 4.14.1 of the Sustainability Report, which highlights the uncertainties and limitations characterizing the first-time application of Article L. 233-28-4 of the French Commercial Code.

Elements that received particular attention

Information provided in application of environmental standard ESRS E1

The information published in respect of climate change (ESRS E1) is mentioned in section 4.2 of the Sustainability Report.

We present hereafter the elements that have been the subject of particular attention on our part concerning the ESRS compliance of this information.

On the basis of interviews with the Sustainability, Environment and Finance departments, we assessed whether the description of the policies, actions and targets implemented by the Entity cover the following areas: climate change mitigation and adaptation.

With regard to the information presented by the Entity concerning **the greenhouse gas emissions balance**:

- we obtained an understanding of the protocol to prepare the greenhouse gas inventory used by the Entity and assessed its application methods, for a selection of emission categories and sites, for scopes 1 and 2;
- with regard to scope 3 emissions, we assessed:
 - the justification for the inclusion and exclusion of the various categories, and the transparency of the information provided in this respect;
 - the information collecting process;
- we assessed the appropriateness of the emission factors used and the calculation of the related conversions, as well as the calculation and extrapolation assumptions, taking into account the uncertainty inherent in the state of scientific or economic knowledge and in the quality of the external data used;
- for directly measurable data, such as energy consumption linked to scopes 1 and 2 emissions, we reconciled, on the basis of tests, the underlying data used to calculate greenhouse gas emissions with the supporting documents.

With regard to the audits of **the climate change mitigation transition plan**, our procedures mainly consisted in:

- assessing the information provided in 4.2.2 concerning the approval of this transition plan by the corporate governance bodies referred to therein;
- assessing whether the information presented in the climate transition plan meets the requirements of ESRS E1 and provides an appropriate description of the structuring assumptions underlying this plan, it being specified that we are not required to express an opinion on the appropriateness or the level of ambition of the objectives of this transition plan.

Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by L'Oréal to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- the compliance with the rules applicable to the presentation of this information to ensure that it is readable and understandable;
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e. information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies relating to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We determined that there were no such items to disclose in our report..

Paris-La Défense, March 17, 2025

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS

ERNST & YOUNG AUDIT

David Dupont-Noel

Catherine Saire

Céline Eydieu-Boutté