

4.7. STATUTORY AUDITOR'S REPORTS

4.7.1. Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial performance statement

Year ended December 31, 2021

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

L'ORÉAL

14, rue Royale
75008 Paris, France

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of L'Oréal SA, your company (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1048 (Cofrac Inspection Accreditation, no. 3-1048, scope available at www.cofrac.fr) and currently adapting our management system as required by the Cofrac for this accreditation (from ISO17020 to ISO 17029), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2021 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*code de commerce*).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement.

Limits inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Company

The Board of Directors is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As it is our responsibility to issue an independent conclusion on the information prepared by management, we are not authorised to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of vigilance and the fight against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of ten people between October 2021 and February 2022 and took a total of twenty-one weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around thirty interviews with people responsible for preparing the Statement.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important - presented in Annex 1; for certain risks or information, (human resources, health and safety, human, social and environmental rights, etc.) our work was carried out on the consolidating entity, while for other risks, our work was carried out on the consolidating entity and on a selection of entities;
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.

4 L'ORÉAL'S SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

• Statutory Auditor's reports

- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes – presented in Annex 1 - that we considered to be the most important, we implemented:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities – presented in Annex 2 - and covered between 17% and 28% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, February 18, 2022

One of the Statutory Auditors,

Deloitte & Associés

David Dupont-Noël
Partner, Audit

Catherine Saire
Partner, Développement Durable

Appendix 1: List of Information we Considered as the most important

Key performance indicators and other quantitative results:

Environment, Health and Safety:

Thematic	Indicators
Greenhouse gas emissions	Emissions de CO ₂ methods " <i>market-based</i> " and " <i>location-based</i> ", scopes 1 and 2 according to the GHG Protocol (in tonnes)
	Emissions de CO ₂ methods " <i>market-based</i> " and " <i>location-based</i> ", scopes 1 and 2 according to the GHG Protocol (in tonnes)
	Emissions de CO ₂ - Scope 3
	Percentage change in CO emissions ₂ per finished product sold (kg eqCO ₂ /PF sold), compared to 2016
	Percentage reduction in greenhouse gas emissions from product use compared to 2016
	Percentage of neutral sites
Energy consumption	Total energy consumption (kWh, kWh/1000PF, kWh/100h)
	Breakdown by energy source: Electricity, Gas, Fuel, Steam, Other energy (kWh)
	Percentage of renewable energy consumed (%)
	Electricity from renewable sources consumed (in kWh)
	Self-consumption rate of electricity (%)
Air emissions, excluding greenhouse gases	Refrigerant gas leaks (kg)
	Direct emissions of SO ₂ (kg, kg/PF)
	Emissions of Volatile Organic Compounds (in kg)
Water	Number of waterloop factories
	Total net withdrawal/Net water withdrawal (excluding recycled water and rainwater for gardening) (in m ³ ; l/PF, l/100h)
	Total volume of water consumed per use (in m ³)
	Total volume of water recycled on-site (in m ³) / Total volume of recycled water from another L'Oréal site (m ³)
	Volume of wastewater covered by the off-site pre-treatment analysis (in m ³) / Volume of wastewater covered by the on-site post-treatment analysis (in m ³)
	Compliance with up to 1000 mg/l COD before off-site treatment / after on-site treatment
	Weight of COD before off-site treatment (in tonnes) / Weight of COD after on-site treatment (in tonnes) and specific pollution rate before off-site treatment (in mg/l) / after on-site treatment (in mg/l)
	Total water consumption (excluding recycled water and rainwater for gardening) (in m ³ ; l/PF; l/100h)
Rubbish	Transportable waste excluding rotating shuttle packaging, with shuttle packaging at source (tonnes and g/PF, kg/100h)
	Sludge (tonnes)
	Total waste excluding sludge (in tonnes; g/FP)
	Transportable waste related to the activity by nature (excluding shuttle packaging) (in tonnes)
	Transportable activity-related waste by cause (excluding shuttle packaging) (in tonnes)
	Compliance with maximum 10 kg of sludge / ton of juice produced
	Rotating shuttle packaging (tonnes)
	Treatment of transportable activity-related waste (tonnes)
	Waste sent to landfill, including that for regulatory constraint (tonnes)
	Valuation Index and Material Valuation Index (%)
Regulated waste (tonnes)	
Health and safety	Conventional frequency rate of accidents at work, distribution by type of site
	Escalated incident rate total expanded, distribution by site type
	Severity rate of accidents at work
	Number of actions identified during MESUR visits
Biodiversity	Biodiversity inventory date
	Use of plant protection products

Social:

Thematic	Indicators
Staff	Distribution of statutory staff (CDD/CDI) by type of contract, by area and by gender
	Number of employees with disabilities
Remuneration	Minimum wage
	Number of permanent contracts with a fixed salary below the living wage
Evolution	Number of recruitments (CDI)
	Number of departures, including number of redundancies
Absenteeism	Overall absenteeism and illness (%)
Formation	Number of hours of training
	Percentage of Group employees who received at least one training during the year
Share & Care	Number of permanent employees of the Group who can benefit from financial protection in the event of an accident of life, such as death or total permanent disability
	Number of permanent Employees of the Group who can benefit from health coverage aligned with the best practices of their country of residence
Collective agreement	Percentage of Group employees covered by a collective agreement (national, branch or company)
	Presence of employee representatives
	Percentage of employees working in subsidiaries where representative bodies are in place
Diversity	Number of company collective agreements in force on 31 December
	Percentage of brands led by women
	Number of entities that have received the GEEIS label

Societal:

Thematic	Indicators
R&I / Water	Percentage reduction in water consumption related to consumer use of products
	Percentage of ingredients in bio-based formulas, derived from abundant minerals or circular processes
R&I / Resources	Percentage of Raw Materials respecting the principles of Green Chemistry
	Percentage of Biodegradability of Formulas
Transport	Emissions de CO ₂ by product sold: 2021 value and evolution compared to the 2016 baseline
	Emissions de CO ₂ in absolute terms
	Emissions de CO ₂ equivalent per tonne of goods transported and per Km travelled
Purchasing & Sourcing / Greenhouse gas emissions	Percentage of CDP participation for strategic direct suppliers
	Percentage of CDP participation for strategic indirect suppliers
	Percentage of CDP participation for strategic suppliers
	Percentage of direct strategic suppliers whose scope 1-2 reporting is verified
	Percentage of indirect strategic suppliers whose scope 1-2 reporting is verified
	Percentage of strategic suppliers whose scope 1-2 reporting is verified
	Percentage of suppliers whose scope 1-2 reporting is verified among strategic suppliers
Purchasing & Sourcing / Social Audits	Number of sites audited in 2021
	Number of social audits of suppliers carried out in 2021
	Number of sites audited in "remote audit" in 2021
	Distribution of non-conformities identified during suppliers' social audits by audited chapter
	Percentage of suppliers who improved their social audit result in 2021
	Cumulative number of sites audited 2021
	Cumulative number of social audits 2021
Purchasing & Sourcing / Supplier Evaluation	Percentage of strategic suppliers assessed and selected based on their environmental and societal performance
Purchasing & Sourcing / Water	Percentage of CDP participation for direct strategic suppliers
	Percentage of CDP participation for indirect strategic suppliers
	Percentage of CDP participation for strategic suppliers
	Percentage of direct strategic suppliers with a score >=A- (among participants)
	Percentage of direct strategic suppliers with a score >=B (among participants)
	Percentage of strategic suppliers with a score >=A- (among participants)
Purchasing & Sourcing / Biodiversity	Percentage of strategic suppliers with a score >=B (among participants)
	Percentage of biobased from sustainable sources
	Zero deforestation commitment
	Percentage of ingredients in traceable and sustainably sourced bio-based formulas and packaging materials

Thematic	Indicators
Corporate Responsibility & Foundation / Brand Commitments	Number of people who have benefited from brand engagement programs
Corporate Responsibility & Foundation / Ecodesign	Percentage of eco-designed products
Corporate Responsibility & Foundation / Women's Fund	Number of structures and beneficiaries supported under the Women's Fund
Corporate Responsibility & Foundation / BFBL	Number of people from struggling communities who were able to access employment Number of people in very precarious situations trained in beauty professions
Corporate Responsibility & Foundation / L'Oréal Fund – pillar 3	Commitments made in 2021 as part of the L'Oréal Fund for the Regeneration of Nature Creation of the Circular Innovation Fund
Packaging	Percentage of plastic packaging of recycled or bio-based origin Percentage reduction in the amount of packaging used for products compared to 2019 Percentage of refillable, reusable, recyclable or compostable plastic packaging
Retail	Percentage of eco-design of advertising displays at the point of sale Percentage of shops (own points of sale) designed and built according to the principles of sustainable development
Human rights	Existence of a system for verifying the age of employees at the time of recruitment Communications and training on human rights topics Number of employees aged 16 to 18

Appendix 2: List of Selected Contributing Entities and Sites

- Social data:
 - France;
 - Canada;
 - Taiwan.
- EHS data selected from the following sites:

Country	Site
Turkey	Istanbul
Egypt	Cairo
Spain	SA Spain SA Spain Stores
Japan	Gotemba SA Japan R&I Japan
Canada	Montreal
USA	Florence SA Salon Centric Sales
South Africa	Midrand
Brazil	Sao Paulo SA Brazil Sales
China	DC China R&I China SA Guangzhou China
Mexico	SA Korea San Luis Potosi Mexico City
Germany	SA Germany
France	SA CCZ RIO
Italy	SA Italy
Thailand	SA Thailand