

L'ORÉAL  
FINANCE

# *The letter*

TO SHAREHOLDERS

NO.80 - WINTER 2021

*NEWS / p. 3*

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***TOWARDS AN  
ENVIRONMENTAL  
IMPACT ASSESSMENT  
AND SCORING SYSTEM  
FOR PRODUCTS / p. 4 & 5***

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***WORLD EXPO 2020 / p. 6&7***

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***Find out more about the share price / p. 8***



# Message from the Chief Executive Officer



“ AS A RESULT OF OUR AGILITY, RELEVANT STRATEGIC CHOICES AND STRONG INVESTMENT IN OUR BRANDS, L'ORÉAL CONTINUES TO SIGNIFICANTLY OUTPERFORM THE BEAUTY MARKET. ”

**NICOLAS HIERONIMUS**  
*Chief Executive Officer of L'Oréal*

« Dear Shareholders, your Group published its results for the third quarter of 2021 on Thursday, 21 October. The Group's sales increased by +9.3% like-for-like over two years, compared with the first nine months of 2019, with a remarkable acceleration in the third quarter. All Divisions increased their growth over two years quarter after quarter.

As the public health situation has evolved, our employees have been safely and enthusiastically returning to the office in many countries over the last few months. As a result of our agility, relevant strategic choices and strong investment in our brands, L'Oréal continues to significantly outperform a beauty market that is gradually returning to pre-crisis levels.

**All Zones and all Divisions are growing and contributing to the Group's well-balanced growth.** The US recovery is confirmed, and mainland China has sustained strong quarterly growth over two years,

despite a few upheavals in the summer. **We have maintained an offensive product launch strategy, and our performance is evidence of our brands' desirability and of consumer demand for cutting-edge innovations.**

While in-store sales have recovered, e-commerce continues to grow rapidly and accounts for 26.6% of sales.

True to our dual goal for economic and corporate excellence, we are proud that L'Oréal USA has reached carbon neutrality<sup>(1)</sup> for all 25 of its sites. Moreover, the Group has been recognised as a Global Compact LEAD company by the United Nations for the seventh consecutive year, and ranked in Fortune's Change the World list for 2021.

Since the start of the pandemic, **L'Oréal has been constantly gaining strength and is ideally positioned to continue to grow at its pre-crisis pace.** We are more confident than ever in this growth momentum. In an environment which remains uncertain, our performance in the third quarter strengthens our ambition to outperform the market and achieve a year of growth in both sales and profits. »

Sales at  
30 September 2021

€23.19 Bn

+18.0%

like-for-like<sup>(2)</sup>

+15.3%

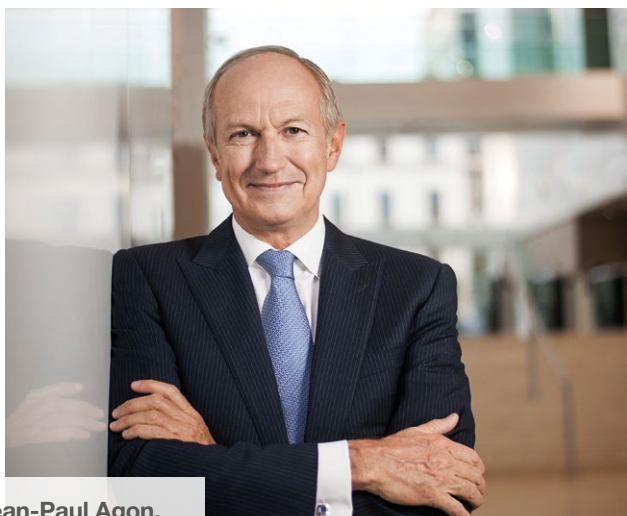
based on reported figures

+29.7%

growth in e-commerce<sup>(3)</sup>

More information on [loreal-finance.com](https://loreal-finance.com)

(1) For scope 1 & 2 emissions. (2) Like-for-like: based on comparable structures and identical exchange rates. (3) Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data). Like-for-like.



**Jean-Paul Agon,**  
Chairman of L'Oréal

## Jean-Paul Agon receives ADL's Courage Against Hate Award

In recognition of L'Oréal's long-standing commitment to advancing diversity, equity and inclusion, respecting human rights and confronting antisemitism in society, ADL (Anti-Defamation League) honored Jean-Paul Agon, Chairman of the L'Oréal Group, with its prestigious Courage Against Hate Award.



**WE SUPPORT**

## L'Oréal recognised for its leadership in Sustainability by the UN Global Compact

For the seventh consecutive year, L'Oréal was recognised as a Global Compact LEAD company by the United

Nations for its continued commitment to the Ten Principles of the UN Global Compact and for placing the UN Sustainable Development Goals at the centre of its growth strategy. Through this recognition, L'Oréal was identified as being among the most highly engaged participants in the United Nations Global Compact, a call to companies to align strategies and operations with principles on human rights, labour, environment and anti-corruption and take actions that advance societal goals.

## L'Oréal receives L'AGEFI Grand Prix Award for exemplary Corporate Governance

In September, L'Oréal received the 2021 Grand Prix Award for Corporate Governance conferred by French business and finance magazine L'AGEFI, which – in partnership with CMS Francis Lefebvre, EcoVadis and Ethics & Boards – conducts an independent assessment of CAC 40 and SBF 120 companies to review their corporate governance performance. 90 criteria were measured, spanning five categories: "Functioning of Management Bodies", "Board Composition", "CSR and Compliance", "Management Diversity" and "Shareholder Democracy, Information Transparency and Quality of Communication".

## A MOOC<sup>(1)</sup> dedicated to future individual shareholders

Designed and proposed in partnership with L'École de la Bourse and several issuers, L'Oréal developed the MOOC "Invest in stocks" with the participation of Nicolas Bouzou, economist. Through a 100% digital educational path, future individual shareholders can discover the interest and the meaning of investing in companies, in the real economy, and thus to understand stock exchange investment and the nature and purpose of the information broadcast on the financial markets. This module is available in French on [www.moocinvestireactions.com](http://www.moocinvestireactions.com)

(1) Massive Open Online Course – digital educational format offering open access training on the Internet.

Highlight

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## TOWARDS A VOLUNTARY ENVIRONMENTAL IMPACT ASSESSMENT AND SCORING SYSTEM FOR COSMETIC PRODUCTS

***Henkel, L'Oréal, LVMH, Natura & Co, and Unilever announced in September a new global collaboration to co-develop an industry-wide environmental impact assessment and scoring system for cosmetics products. The aim is to co-design an approach that is brand-agnostic, and which provides consumers with clear, transparent and comparable environmental impact information, based on a common science-based methodology. They are inviting other cosmetics companies to join them in this pursuit.***

## Addressing the demand for greater transparency

The new assessment and scoring system will aim to meet growing consumer demand for greater transparency about the environmental impact of cosmetics products (formula, packaging and usage). The objective is to improve the information that is available to consumers and enable them to make more sustainable consumption choices.

To do this, a consortium was created that is open to all cosmetics companies wishing to join and contribute to designing a system that allows consumers to compare cosmetics products within the same category. The ambition is for the overall score to inform consumers of the environmental impact of products, taking into account their whole product life cycle.

## Co-building a scientific methodology and scoring system

It is proposed that the consortium works with sustainability consultancy Quantis to ensure a robust and scientific approach and that efforts to co-build the voluntary assessment methodology and scoring system are guided by and articulated around:

**A common method for measuring environmental impacts throughout the life cycle of products,** backed by the principles of the “Product Environmental Footprint” (the European Union’s PEF scientific method for quantifying the environmental footprint of products).

**A common database** of environmental impacts of standard ingredients and raw materials used in formulas and packaging, as well as during product usage.

**A common tool** that enables each brand to calculate the environmental impact of individual products, usable by non-experts.

**A harmonized scoring system,** for example using a score ranging from A to E, that enables the consumer to easily compare products. The methodology, data base, tool and scoring system will be verified by independent parties.

## Engaging all players in the cosmetics sector

This global initiative is intended to be open to all cosmetics companies, regardless of their size or resources. Other stakeholders will be informed and consulted throughout the process. The convening five companies will pool their experience and knowledge in developing environmental impact assessment methodologies (as is the case for Henkel, LVMH, Natura &Co, and Unilever) and an environmental and social labelling system (as developed by L’Oréal).





## WORLD EXPO 2020: L'ORÉAL UNVEILS ITS VISION FOR THE FUTURE OF BEAUTY

*As the official Beauty Partner, L'Oréal joined in September the Expo 2020 Dubai, to share its vision of the future of beauty. Discover the main activities L'Oréal presented during this event.*

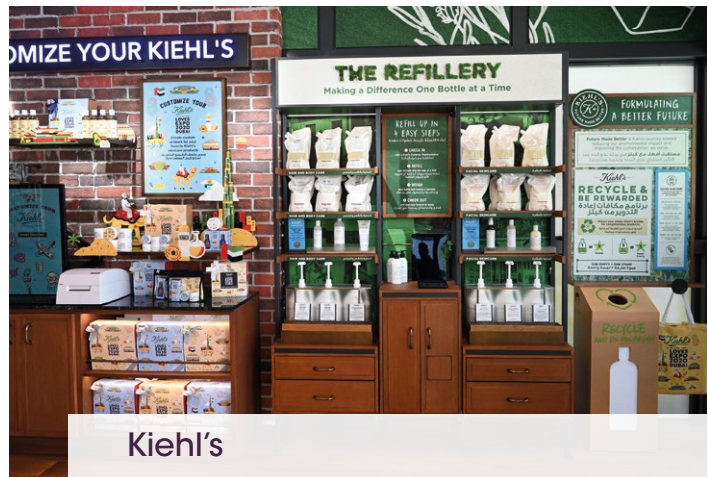
“ The event’s theme of “Connecting Minds, Creating the Future” is entirely consistent with our own sense of purpose to “create the beauty that moves the world”, an inclusive and responsible beauty that has a positive impact on people and the planet. Since 1928, nations and companies have gathered to explore how to solve the problems of tomorrow. This year more than ever after months of isolation, we celebrate coming together again for the World Expo in Dubai, to work together on a better future. ”

**Nicolas Hieronimus**  
Chief Executive Officer of L'Oréal



## L'Oréal Paris

La Maison L'Oréal Paris Beauty Concept Store in the Opportunity District at Expo 2020 highlights the brand's 50-year mission to empower women, embodied by the famous "Because You're Worth It" tagline. The brand will hold its largest Stand-Up training to help prevent street harassment, in partnership with the NGO Hollaback! This global campaign, which aims to reach one million people by 2022, will enable just over two thousand women and men to attend training sessions hosted in Expo 2020's Dubai Millennium Amphitheatre throughout the six months of the event. To celebrate this ambition, on 28 September, Burj Khalifa, the tallest building in the world, sent a message to the world about women empowerment.



## Kiehl's

In a Kiehl's boutique located in Expo's Jubilee Park district, visitors can discover the brand's newest sustainable innovations, including the unveiling of its Refillery where for the first time ever, Kiehl's customers can replenish their own aluminum bottle. Thanks to Kiehl's consumers around the world, the brand has recycled over 11.2 million products globally since 2009, to support the brand's pursuit of sustainable consumption.



## Garnier

Garnier launched a global educational campaign dedicated to sustainable consumption in collaboration with a world-renowned sustainability player. By offering expert knowledge and real-world advice, Garnier aims to inspire 250 million people to adopt a greener lifestyle. This commitment is the latest in a series of ambitious 2025 targets set by the brand to reduce the environmental impact of its entire value chain.

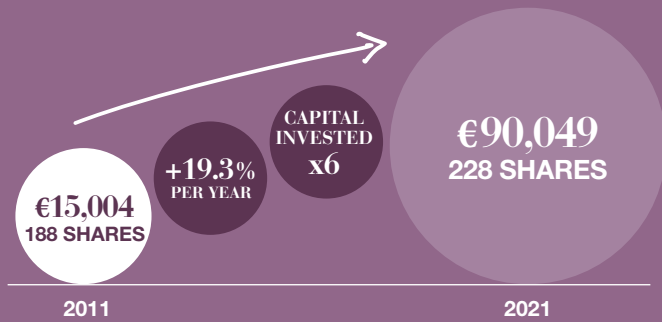


## L'Oréal Professional Products Division

The L'Oréal Professional Products Division presents *The Hairstylists for the Future Salon*, a circular salon focused on sustainable transformation from sourcing to production, addressing topics such as packaging, saving water and waste management. In order to contribute to the world's water scarcity issue, visitors will be able to experience a water saving shower technology developed by the Swiss company Gjosa, which allows for water savings of up to 65%.

## TOTAL SHAREHOLDER RETURN<sup>(1)</sup>

Amongst the various economic and financial measures of value creation, L'Oréal prefers Total Shareholder Return (TSR). This indicator is based on a range of criteria, including the share price and revenue received in the form of dividends (excluding taxes on capital gains and dividends, based on the closing share price on 29 October 2021).



### HYPOTHESIS

Total Shareholder Return over 10 years, for €15,000 invested in L'Oréal shares, including reinvestment of dividends, excluding bank charges and tax.

### TOTAL ANNUAL RETURN

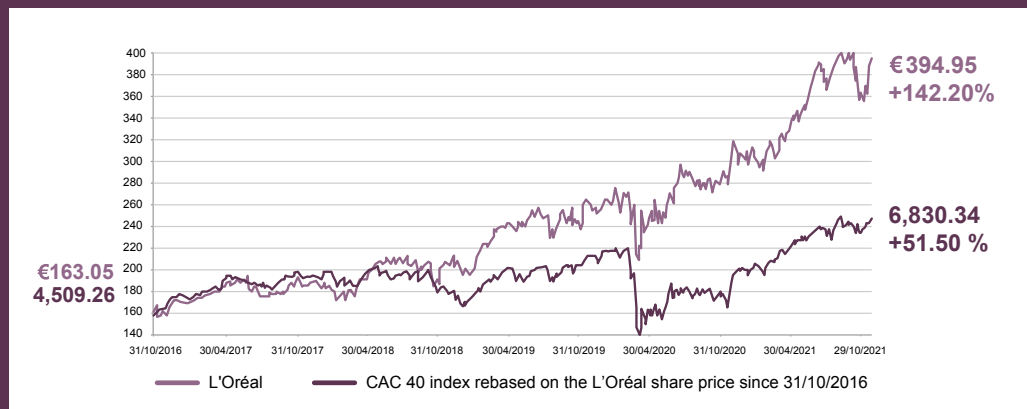
Based on the share price on 29 October 2021

+21.2%	+19.3%	+10.4%
over 5 years	over 10 years	over 20 years

(1) Total Shareholder Return of the investment, assuming that the shares are sold at the closing price on 29 October 2021.

## OVER 5 YEARS, THE L'ORÉAL SHARE HAS OUTPERFORMED THE CAC 40 INDEX

L'Oréal vs CAC 40 from 31 October 2016 to 29 October 2021<sup>(1)</sup>



Change  
31 October 2016  
to 29 October 2021

L'Oréal share price:  
**+142.20%**

CAC 40 index:  
**+51.50%**

CAC40 index rebased on the L'Oréal share price since 31/10/2016 // Source: Refinitiv, share price on 29/10/2021.

## A TEAM THAT IS ATTENTIVE TO SHAREHOLDERS' VIEWS

### CHRISTIAN MUNICH

Director of Individual Shareholder and Market Authority Relation

### ANGÉLIQUE FRUCHTENREICH

Individual Shareholder Relations Manager

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## AGENDA

**9 February 2022:** 2021 Annual Results (after stock market closing time)

For other key dates, please visit our website: [loreal-finance.com](http://loreal-finance.com)

## INDIVIDUAL SHAREHOLDER CONSULTATION COMMITTEE

Each year, one-third of the members of the Individual Shareholder Consultation Committee is renewed.

**If you would like to join the committee,** please apply on our website: [loreal-finance.com/eng/consultation-committee](http://loreal-finance.com/eng/consultation-committee)

## THE CONNECTED SHAREHOLDER

Download the L'Oréal Finance app<sup>(1)</sup> and keep up to date with live news about your company.



To receive the Letter to Shareholders by e-mail, fill in your e-mail address at: [loreal-finance.com/eng/keep-informed](http://loreal-finance.com/eng/keep-informed)

(1) Available for free on the App Store and Google Play.

