CONVENING NOTICE

ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING

On Tuesday, April 17th 2018 at 10.00 a.m
PALAIS DES CONGRÈS
75017 PARIS

L'ORÉAL

Contents

Annual General Meeting of Tuesday, April 17th, 2018

Agenda

ORDINARY PART

1. Approval of the 2017 parent company financial statements
2. Approval of the 2017 consolidated financial statements
3. Allocation of the Company's net income for 2017 and setting of the dividend
4. Appointment of Mr. Axel Dumas as a Director
5. Appointment of Mr. Patrice Caine as a Director
6. Renewal of the tenure of Mr. Jean-Paul Agon as a Director
7. Renewal of the tenure of Mrs. Belén Garijo as a Director
8. Setting the amount of the annual attendance fees allocated to the members of the Board of Directors
9. Approval of the application of the defined benefit pension plan provisions of the employment contract of Mr. Agon for the duration of the renewed corporate office
10. Approval of the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers
11. Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2017 financial year due to his mandate as Chairman and Chief Executive Officer
12. Authorisation for the Company to buy back its own shares

EXTRAORDINARY PART

13. Authorisation granted to the Board of Directors to reduce the share capital through the cancellation of shares purchased by the Company within the scope of Articles L. 225-209 and L. 225-208 of the French Commercial Code
14. Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital in order to remunerate the contributions in kind of equity securities or securities giving access to the share capital of third-party companies
15. Authorisation granted to the Board of Directors to carry out free grants of existing shares and/or shares to be issued with cancellation of shareholders' preferential subscription right to employees and executive officers
16. Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right
17. Delegation of authority to the Board of Directors in order to enable it to carry out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of the shareholders' preferential subscription right, within the scope of an employee share ownership programme
18. Amendment to the statutory provisions for declarations of threshold crossing
19. Powers for formalities

(1) This request is reserved for shareholders only and must be sent to L'Oréal, for the attention of the Director of Shareholder Relations, 41, rue Martre - 92117 Clichy Cedex - France. Fax: +33 1 47 56 86 42 - E-mail: info-ag@loreal-finance.com - Toll free (from France only): 0 800 66 66 66, from abroad: +33 1 40 14 80 50

Message of the
Chairman and Chief Executive Officer

Dear Shareholder,

I am pleased to invite you to attend L’Oréal’s Annual General Meeting which will be held on Tuesday, April 17th, 2018 at 10 a.m. at the Palais des Congrès, Porte Maillot in Paris.

The Annual General Meeting will be the opportunity to review 2017, a year in which L’Oréal experienced a sustained increase in sales and strong results on a beauty market that confirmed its steady growth. In a fast-changing world of beauty, L’Oréal is better equipped than ever with innovation capacity, the power of its brands, digital performance and high-calibre teams all over the world, which it can harness to gain market share and strengthen its leadership on the beauty market.

During the General Meeting you will be able to vote, thus taking an active part in decisions concerning L’Oréal. In this document you will find a detailed presentation of the draft resolutions which you will be requested to approve.

I count on your attendance at this Annual General Meeting this year. If you are unable to be present, please note that you have the possibility to vote via Internet or by post, or give a proxy to the Chairman of the meeting or any other person of your choice.

You will find all the relevant information in this document, as well as the meeting’s agenda and the draft resolutions. You will also be able to watch the recorded webcast of the main speeches of the Annual General Meeting on our website **www.loreal-finance.com** from April, 17th in the afternoon.

In the name of the Board of Directors, I want to thank each one of you for your trust and loyalty, and look forward to seeing you on April 17th.

JEAN-PAUL AGON
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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Brief presentation of the L'Oréal Group in 2017 and key figures

2017 KEY FIGURES

GROWTH OF SALES AND PROFITS

2017 SALES	OPERATING PROFIT	NET PROFIT AFTER NON-CONTROLLING INTERESTS	NET EARNINGS PER SHARE (3)	DIVIDEND (4)
26.02 billion euros (+0.7% based on reported figures (1), +4.8% like-for-like (2))	**4.68** billion euros, representing 18.0% of sales (+3.0%)	**3.58** billion euros (+15.3%)	**6.65** euros per share	**3.55** euros per share (+7.6%)

(1) In the full-year 2016, reported Group sales included The Body Shop sales of €920.8 million.
(2) Like-for-like: based on a comparable structure and identical exchange rates.
(3) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.
(4) Proposed at the Annual General Meeting of 17 April 2018.

COMMENTS

The Board of Directors of L'Oréal met on February 8th, 2018, under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2017.

In a beauty market that pursued its steady growth in 2017, L'Oréal had a good year with sustained sales growth momentum, and robust profits. As announced, the second half accelerated compared with the first, particularly in the fourth quarter with +5.5% like-for-like growth.

All the Divisions recorded sales growth, especially L'Oréal Luxe which is delivering spectacular growth, particularly in Asia. The Active Cosmetics Division achieved more than 2 billion euros of sales for the first time. Growth in the Consumer Products Division is being slowed by the continuing difficulties of the American and French markets, while sales in the Professional Products Division improved at the end of the year.

Today more than ever, L'Oréal can rely on its unique portfolio of powerful and complementary brands, eight of which now have sales above one billion euros.

As for the geographic zones, the New Markets exceeded more than 10 billion euros of sales for the first time ever, thanks especially to the dynamism of the Asia, Pacific Zone. Performance in Western Europe remained solid.

2017 was especially notable for the accentuation of L'Oréal's digital edge and the strengthening of the positions of the Group in two strategic channels. Firstly in e-commerce(1), where the Group sales accelerated to reach 2 billion euros, an increase of +33.6%. Secondly in Travel Retail, a channel with strong potential, in which L'Oréal celebrated 40 years of presence by strengthening its number one position.

In terms of results, as announced, operating margin has reached the record level of 18% of sales, while increasing research expenses and business drivers. There were improvements in all the operating parameters; the quality of the results is also reflected in the record cash flow.

And finally, in 2017, L'Oréal was recognised for its leadership in corporate social responsibility with, for the second year running, the best score awarded by the CDP(2), three "A"s, and L'Oréal has been ranked number 1 in all sectors by Vigeo Eiris. L'Oréal has also obtained first place in the world ranking by Equileap for gender equality.

(1) 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 growth.
(2) CDP is an independent international organisation which assesses companies' environmental performance.

NORTH AMERICA

28.3% share of Group sales:
+1.7% sales growth in 2017 (1)

€7,350.5M

SALES

19.2%

OPERATING PROFIT (2)
(as a % of sales)

WESTERN EUROPE

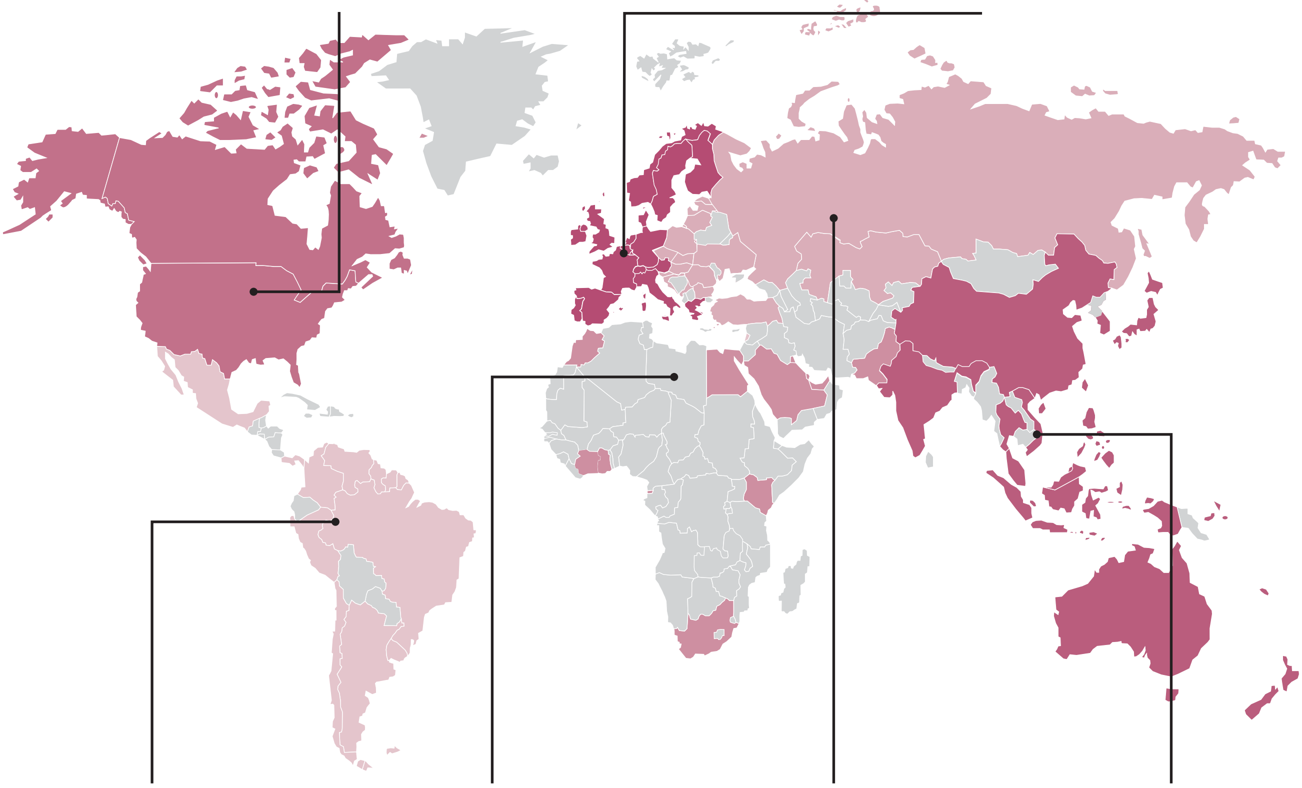
31.2% share of Group sales:
+ 2.6% sales growth in 2017 (1)

€8,125.3M

SALES

22.9%

OPERATING PROFIT (2)
(as a % of sales)



LATIN AMERICA

7.5% share of Group sales:
+5.6% sales growth in 2017 (1)

€1,952.9M

SALES

AFRICA, MIDDLE EAST

2.7% share of Group sales:
-7.1% sales growth in 2017 (1)

€692.4M

SALES

EASTERN EUROPE

6.7% share of Group sales:
+8.6% sales growth in 2017 (1)

€1,750.8M

SALES

ASIA-PACIFIC

23.6% share of Group sales:
+ 12.3% sales growth in 2017 (1)

€6,151.8M

SALES

NEW MARKETS

40.5% share of Group sales:
+8.9% sales growth in 2017 (1)

€10,547.8M

SALES

20.3% (2)

OPERATING PROFIT
(as a % of sales)

(1) Like-for-like sales growth: based on a comparable structure and identical exchange rates.

(2) Operating profit before non-allocated items: Non-allocated items consist of the expenses of Functional Divisions and fundamental research, stock option and free grant of shares costs, which are not allocated to the Cosmetics Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

2017 SALES

Like-for-like, i.e. based on a comparable scope of consolidation and constant exchange rates, the sales trend of the L'Oréal Group was +4.8%.

The net impact of changes in the scope of consolidation amounted to -2.8%: +0.9% from acquisitions and -3.7% from the sale of The Body Shop.

Currency fluctuations had a negative impact of -1.3%.

Growth at constant exchange rates was +2.0%.

Based on reported figures, the Group's sales, at 31 December 2017, amounted to 26.02 billion euros, an increase of +0.7%.

SALES BY OPERATIONAL DIVISION AND BY GEOGRAPHIC ZONE

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations.

€ millions	2015	2016	**2017**	**% 2017 sales**	2016/2017 progression Like-for-like	2016/2017 progression Reported figures
By Operational Division						
Professional Products	3,399.7	3,399.7	3,350.4	12.9%	+0.2%	-1.4%
Consumer Products	11,844.2	11,993.4	12,118.7	46.6%	+2.2%	+1.0%
L'Oréal Luxe	7,230.0	7,662.4	8,471.7	32.5%	+10.5%	+10.6%
Active Cosmetics	1,816.3	1,860.7	2,082.9	8.0%	+5.8%	+11, 9%
Cosmetics Total	**24,290.2**	**24,916.3**	**26,023.7**	**100.0%**	**+4.8%**	**+4.4%**
By geographic zone						
Western Europe (1)	7,968.4	8,008.0	8,125.3	31.2%	+2.6%	+1.5%
North America	6,654.4	7,098.8	7,350.5	28.3%	+1.7%	+3.5%
New Markets, of which:	9,667.4	9,809.5	10,547.8	40.5%	+8.9%	+7.5%
◆ Asia, Pacific (1)	5,537.9	5,635.4	6,151.8	23.6%	+12.3%	+9.2%
◆ Latin America	1,871.3	1,838.0	1,952.9	7.5%	+5.6%	+6.2%
◆ Eastern Europe	1,530.4	1,571.5	1,750.8	6.7%	+8.6%	+11.4%
◆ Africa, Middle-East	727.9	764.5	692.4	2.7%	-7.1%	-9.4%
Total Cosmetics	**24,290.2**	**24,916.3**	**26,023.7**	**100.0%**	**+4.8%**	**+4.4%**
◆ The Body Shop	967.2	920.8	-	-	-	-
TOTAL GROUP (2)	**25,257.4**	**25,837.1**	**26,023.7**	**100.0%**	**+4.8%**	**+0.7%**

(1) *As of July 1st, 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific Zone. All figures for earlier periods have been restated to allow for this change.*

(2) *In the full-year 2016, reported Group sales included the sales of The Body Shop in amounts of 920.8 million euros.*

SALES

Professional products

The Professional Products Division ended the year at +0.2% like-for-like and -1.4% reported.

Consumer products

The Consumer Products Division recorded fourth quarter growth of +3.0% like-for-like, and ended the year at +2.2% like-for-like and +1.0% reported.

L'Oréal Luxe

L'Oréal Luxe posted growth of +10.5% like-for-like and +10.6% reported. The Division is outperforming its market and confirming its success in make-up and facial skincare.

Active Cosmetics

With growth of +5.8% like-for-like and +11.9% reported, 2017 was a historic year for the Active Cosmetics Division, which saw its sales break the 2 billion euro barrier, while further increasing its leadership of the dermocosmetics market worldwide.

Multi-division summary by geographic zone

Western Europe

In 2017, Western Europe posted growth of +2.6% like-for-like and +1.5% reported.

Growth was particularly robust in Great Britain, Spain and Germany, fuelled by the make-up and skincare categories. Sales in France continued to be held back by a slightly contracting market.

The two main Divisions, Consumer Products and L'Oréal Luxe, outperformed their respective markets, and the Active Cosmetics Division's growth accelerated in the second part of the year.

North America

The Zone posted growth of +1.7% like-for-like and +3.5% reported.

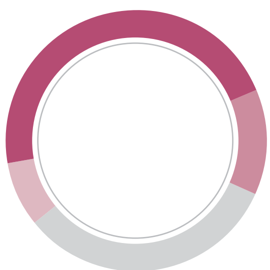
The American market is continuing to grow, but is facing a slowdown in some historical distribution channels. Performance in make-up is being further increased by the brands NYX Professional Makeup and L'Oréal Paris, but haircare is proving less dynamic. The L'Oréal Luxe Division has slowed, against a background of inventory reductions. Yves Saint Laurent and IT Cosmetics however have continued to record double-digit growth. In the fourth quarter, the Professional Products Division saw sales increase, thanks particularly to its partner brands. The Active Cosmetics Division performed well last year, bolstered by the recent acquisition of CeraVe and by the emblematic SkinCeuticals and La Roche-Posay brands.

New Markets

- **Asia, Pacific**: this Zone recorded growth of +12.3% like-for-like and +9.2% reported. In Northern Asia, Chinese consumers are driving growth, particularly for the L'Oréal Luxe Division in China and Hong Kong. China's strong growth is continuing, fuelled by very good e-commerce results across all Divisions. In Southern Asia, India is very dynamic. Thailand and Malaysia are also growing very strongly.
- **Latin America**: the Zone posted growth of +5.6% like-for-like and +6.2% reported. Mexico and Argentina recorded double-digit growth, while the economic environment remains difficult in Brazil. The L'Oréal Luxe and Active Cosmetics Divisions have achieved double-digit growth, thanks respectively to the Lancôme and La Roche-Posay brands. The Consumer Products Division is growing in the make-up category, reflecting the expansion of the NYX Professional Makeup brand and the continuing growth of Maybelline New York.
- **Eastern Europe**: the Zone posted growth of +8.6% like-for-like and +11.4% reported. Turkey and Central Europe were the growth drivers, and sales in Russia were satisfactory. All the Divisions made market share gains. In this Zone, e-commerce now accounts for more than 5% of sales.
- **Africa, Middle East**: this Zone is at -7.1% like-for-like and -9.4% reported, with a clear improvement in the second half. Despite substantial declines in markets, the situation is stabilising in the Gulf states. Egypt's growth was dynamic.

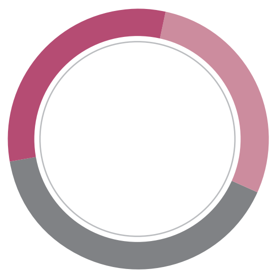
2017 CONSOLIDATED SALES OF THE OPERATIONAL DIVISIONS

BY DIVISION



46.6% *Consumer Products*
12.9% *Professional Products*
32.5% *L'Oréal Luxe*
8.0% *Active Cosmetics*

BY GEOGRAPHIC ZONE



31.2% *Western Europe*
28.3% *North America*
40.5% *New Markets*
Of which : **23.6%** *Asia-Pacific*
6.7% *Eastern Europe*
2.7% *Africa, Middle East*
7.5% *Latin America*

2017 RESULTS

1. OPERATING PROFITABILITY AT 18.0% OF 2017 SALES

OPERATING PROFITABILITY AND CONSOLIDATED INCOME STATEMENT

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations.

	2015		2016		**2017**	
	€ millions	% sales	€ millions	% sales	**€ millions**	**% sales**
Sales	**25,257.4**	**100.0%**	**25,837.1**	**100.0%**	**26,023.7**	**100.0%**
Cost of sales	-7,277.4	28.8%	-7,341.7	28.4%	-7,359.2	28.3%
Gross profit	**17,980.0**	**71.2%**	**18,495.4**	**71.6%**	**18,664.5**	**71.7%**
Research and development expenses	-794.1	3.1%	-849.8	3.3%	-877.1	3.4%
Advertising and promotion expenses	-7,359.6	29.1%	-7,498.7	29.0%	-7,650.6	29.4%
Selling, general and administrative expenses	-5,438.6	21.5%	-5,607.0	21.7%	-5,460.5	21.0%
OPERATING PROFIT	**4,387.7**	**17.4%**	**4,539.9**	**17.6%**	**4,676.3**	**18.0%**

Gross profit, at 18,664 million euros, came out at 71.7% of sales, compared with 71.6% in 2016, that is an increase of 10 basis points.

Research and Development expenses, at 3.4% of sales, have increased slightly in relative value.

As announced, advertising and promotion expenses increased to 29.4% of sales, representing an increase of 40 basis points.

Selling, general and administrative expenses, at 21.0% of sales, have reduced by 70 basis points, mainly due to the impact of the sale of The Body Shop.

Overall, operating profit, at 4,676 million euros, has grown by 3.0%, and amounts to 18.0% of sales, representing an increase of 40 basis points. Excluding exchange rates, operating profit grew by +4.4%.

2. OPERATING PROFIT, BY OPERATIONAL DIVISION

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations.

	2015		2016		**2017**	
	€ millions	% sales	€ millions	% sales	**€ millions**	**% sales**
Professional Products	678	20.0%	689	20.3%	669	20.0%
Consumer Products	2,386	20.1%	2,417	20.2%	2,419	20.0%
L'Oréal Luxe	1,497	20.7%	1,623	21.2%	1,856	21.9%
Active Cosmetics	415	22.8%	431	23.2%	471	22.6%
COSMETICS DIVISIONS TOTAL	**4,976**	**20.5%**	**5,160**	**20.7%**	**5,415**	**20.8%**
Non-allocated (1)	-643	-2.6%	-654	-2.6%	-739	-2.8%
TOTAL GROUP AFTER NON-ALLOCATED	**4,333**	**17.8%**	**4,506**	**18.1%**	**4,676**	**18.0%**

(1) Non-allocated items consist of the expenses of Functional Divisions and fundamental research, stock option and free grant of shares costs, which are not allocated to the Cosmetics Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

After a difficult 2017, the profitability of the Professional Products Division came out at 20.0%.

The profitability of the Consumer Products Division came out at 20.0%, representing a slight decrease of 20 basis points compared with 2016.

The profitability of L'Oréal Luxe, at 21.9%, strongly increased in 2017, which is an increase of 70 basis points.

At Active Cosmetics Division, profitability came out at 22.6%.

Non-allocated expenses increased by 2.8% of sales, mainly due to the increase in digital costs.

3. PROFITABILITY BY GEOGRAPHIC ZONE

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations.

	2015 (1)		2016		**2017**	
	€ millions	% sales	€ millions	% sales	**€ millions**	**% sales**
Western Europe (1)	1,800	22.6%	1,832	22.9%	1,860	22.9%
North America	1,257	18.9%	1,392	19.6%	1,411	19.2%
New Markets (1)	1,919	19.9%	1,936	19.7%	2,144	20.3%
COSMETICS ZONES TOTAL	**4,976**	**20.5%**	**5,160**	**20.7%**	**5,415**	**20.8%**
Non-allocated (2)	-643	-2.6%	-654	-2.6%	-739	-2.8%
TOTAL GROUP AFTER NON-ALLOCATED	**4,333**	**17.8%**	**4,506**	**18.1%**	**4,676**	**18.0%**

(1) As of July 1st, 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific Zone. All figures for earlier periods have been restated to allow for this change.
(2) Non-allocated items consist of the expenses of Functional Divisions and fundamental research, stock option and free grant of shares costs, which are not allocated to the Cosmetics Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

Profitability in Western Europe at 22.9%, is at an identical level to that of 2016.

In North America, profitability came out at 19.2%, slightly lower than 2016.

And in the New Markets, profitability strongly increased and exceeded, for the first time, 20% of sales.

4. NET PROFIT FROM CONTINUING OPERATIONS

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations.

From operating profit to net profit excluding non-recurring items:

€ millions	2015	2016	**2017**	Evolution
Operating profit	**4,387.7**	**4,539.9**	**4,676.3**	**+3.0%**
Finance costs excluding dividends received	-13.8	-19.3	-22.9	
Sanofi dividends	336.9	346.5	350.0	
Pre-tax profit excluding non-recurring items	**4,710.8**	**4,867.1**	**5,003.3**	**+2.8%**
Income tax excluding non-recurring items	-1,219.7	-1,216.8	-1,250.5	
Net profit from equity affiliates excluding non-recurring items	-	-0.1	-0.1	
Non-controlling interests	-1.3	-3.0	-3.9	
Net profit excluding non-recurring items attributable to owners of the company (1)	**3,489.8**	**3,647.2**	**3,748.7**	**+2.8%**
EPS (2) (€)	**6.18**	**6.46**	**6.65**	**+3.0%**
NET PROFIT AFTER NON-CONTROLLING INTERESTS	**3,297.4**	**3,051.7**	**3,581.4**	**+15.3%**
Diluted EPS after non-controlling interests (€)	5.84	5.50	6.36	
Diluted average number of shares	564,891,388	564,509,135	563,528,502	

(1) Non-recurring items include mainly capital gains and losses on long-term asset disposals, impairment of long-term assets, restructuring costs and elements relating to identified operational income and expenses, non-recurring and significant regarding the consolidated performance.
(2) Diluted net earnings per share excluding non-recurring items after non-controlling interests.

Finance expenses came out at 23 million euros.

Sanofi dividends amounted to 350 million euros.

Income tax excluding non-recurring items amounted to 1,250 million euros. This represents a tax rate of 25.0%.

Net profit excluding non-recurring items after non-controlling interests from continuing operations amounted to 3,749 million euros, an increase of +2.8% and +4.1% at constant exchange rates.

Earnings per Share, at 6.65 euros, is up by +3.0%, and +4.3% at constant exchange rates.

Non-recurring items after non-controlling interests amounted to -167 million euros net of tax, mainly due to the disposal of The Body Shop, to the impact of the reimbursement of taxes on dividends, and to the positive impact of the American tax reform on differed tax liabilities.

Net profit came out at 3,581 million euros, strongly increasing by 15.3%.

5. NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY: €3,581 MILLION

The finalisation, on 7 September 2017, of the disposal of The Body Shop leads to account for the businesses sold, for 2017, in accordance with the IFRS 5 accounting rule on discontinued operations.

€ millions	2015	2016	**2017**	Evolution 2016/2017
Net profit excluding non-recurring items after non-controlling interests	**3,489.8**	**3,647.2**	**3,748.7**	**+2.8%**
Non-recurring items net of tax	-192.4	-541.4	-167.2	
Net profit from non-continuing operations	-	-	-	
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	**3,297.4**	**3,051.7**	**3,581.4**	**+15.3%**

6. CASH FLOW STATEMENT, BALANCE SHEET AND CASH POSITION

Gross cash flow amounted to 4,972 million euros, an increase of 5.4%.

The working capital requirement decreased by 261 million euros.

Investments amounted to 1,263 million euros, representing 4.9% of sales.

The net cash flow [1], came out at 3,969 million euros, a strong increase of +19.6%.

The balance sheet remains particularly solid with shareholders' equity amounting to 24.8 billion euros, and net cash at 1,872 million euros at 31 December 2017.

7. PROPOSED DIVIDEND AT THE ANNUAL GENERAL MEETING OF 17 APRIL 2018

The Board of Directors has decided to propose to the Shareholders' Annual General Meeting of 17 April 2018 a dividend of 3.55 euros per share, an increase of +7.6% compared with the dividend paid in 2017. The dividend will be paid on 27 April 2018 (ex-dividend date 25 April 2018 at 0:00 a.m., Paris time).

8. SHARE CAPITAL

As of 31 December 2017, the capital of the company is formed by 560,519,088 shares, each with one voting right.

9. 2018 PROSPECTS

As for 2018, in a market that should remain dynamic and contrasted, L'Oréal more than ever before has the best advantages in terms of innovation, brand power, digital prowess, and the quality of its teams all over the world, to win market share and strengthen its Beauty leadership. L'Oréal is therefore confident that, this year once again, it will outperform the market and achieve significant growth in like-for-like sales and an increase in profitability.

2

Significant events that have occurred since the beginning of 2018

No significant event has occurred since the beginning of 2018.

(1) Net cash flow = Gross cash flow + changes in working capital - capital expenditure.

3

Presentation of the Board of Directors

A BALANCED AND HIGHLY COMMITTED BOARD

The composition of the Board reflects L'Oréal's shareholding structure, while guaranteeing the interests of all its shareholders. With the Chairman and Chief Executive Officer, there are therefore five directors from L'Oréal's major shareholders, seven independent directors and two directors representing the employees.

The diversity and complementarity of the directors' industrial, financial and entrepreneurial expertise mean they are equipped to quickly and thoroughly comprehend development challenges facing L'Oréal, the leader of a globalised and highly competitive cosmetics market in which constant innovation and adaptation are required.

Extremely committed and vigilant, and convinced that stringent governance creates value for the Company, the directors always keep the company's long-term interest first in mind as they voice their opinions. The directors proactively and assiduously participate in the work of the Board and its Committees, which play an active role in preparing the Board's deliberations.

JEAN-PAUL AGON
Chairman and Chief Executive Officer since 18 March 2011 (term of office renewed in 2014)

ANA SOFIA AMARAL
(since 15 July 2014)

BELÉN GARIJO
(since 17 April 2014)

JEAN-VICTOR MEYERS
(term of office renewed in 2016)

FRANÇOISE BETTENCOURT MEYERS
(term of office renewed in 2017)

SOPHIE BELLON
(since 22 April 2015)

BÉATRICE GUILLAUME-GRABISCH
(since 20 April 2016)

VIRGINIE MORGON
(term of office renewed in 2017)

PAUL BULCKE
Vice-Chairman of the Board (from 20 April 2017)

CHARLES-HENRI FILIPPI
(term of office renewed in 2015)

BERNARD KASRIEL
(term of office renewed in 2016)

EILEEN NAUGHTON
(since 20 April 2016)

JEAN-PIERRE MEYERS
Vice-Chairman of the Board (term of office renewed in 2016)

XAVIER FONTANET
(term of office renewed in 2014)

GEORGES LIAROKAPIS
(since 15 July 2014)

COMPOSITION OF THE BOARD AT 31 DECEMBER 2017

	Independence	Expiry date of current term of office	Board Committees			
			Strategy & sustainable development	Audit	HR & Remuneration	Appointments & Governance
Mr Jean-Paul AGON		2018	●			
Mrs Françoise BETTENCOURT MEYERS		2021	○			
Mr Paul BULCKE		2021	○		○	○
Mr Jean-Pierre MEYERS		2020	○		○	○
Mrs Ana Sofia AMARAL	Director representing the employees	2018			○	
Mrs Sophie BELLON	◆	2019		○		●
Mr Charles-Henri FILIPPI	◆	2019		○	●	○
Mr Xavier FONTANET	◆	2018	○			
Mrs Belén GARIJO	◆	2018			○	
Mrs Béatrice GUILLAUME-GRABISCH		2020		○		
Mr Bernard KASRIEL	◆	2020	○			
Mr Georges LIAROKAPIS	Director representing the employees	2018		○		
Mr Jean-Victor MEYERS		2020		○		
Mrs Virginie MORGON	◆	2021		●		
Mrs Eileen NAUGHTON	◆	2020			○	

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors.*
● *Committee Chairman/Chairwoman* ○ *Committee Member.*

58
Average age of the Directors at 31/12/2017

7
Independent Directors

46%
Female Directors (excluding Directors representing the employees)

4

Draft resolutions and Report of the Board of Directors (Statement of reasons)

ORDINARY PART

RESOLUTIONS 1, 2, 3: APPROVAL OF THE ANNUAL (PARENT COMPANY AND CONSOLIDATED) FINANCIAL STATEMENTS FOR 2017, ALLOCATION OF THE COMPANY'S NET INCOME AND SETTING OF THE DIVIDEND

STATEMENT OF REASONS

Having reviewed the Reports of the Board of Directors and the Statutory Auditors, the Annual General Meeting is called on to approve:

- the parent company financial statements, with an income statement which shows net income of €3,051,719,329.20 for 2017 compared with €3,014,442,845.08 for 2016;
- the 2017 consolidated financial statements.

  The details of these financial statements are set out in the 2017 Annual Financial Report and the main data included in the file for calling this Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting:

- an ordinary dividend of €3.55 per share, representing an increase of 7.6% compared with the dividend for the previous year.

  The rate of distribution of the ordinary dividend (ordinary dividend paid/net income diluted per share from continuing operations excluding non-recurring items, diluted, attributable to owners of the Company) would be 53,4% in 2017. Over the last five financial years, this rate was:

Year	2012	2013	2014	2015	2016
Rate of distribution	46.8%	48.7%	50.6%	50.2%	51.1%

- A per share preferential dividend of €3.90, corresponding to a 10% increase over the ordinary dividend. This amount is rounded down to the nearest euro cent, pursuant to Article 15 of the Company's Articles of Association.

  The preferential dividend will be granted to the shares held in registered form since 31 December 2015 at the latest, and which continuously remain in registered form until the dividend payment date in 2018. The number of shares eligible for these preferential dividends may not exceed 0.5% of the share capital at the closing date of the past financial year, for the same shareholder.

If the Annual General Meeting approves this proposal, the ex-dividend date for the dividends (both ordinary and preferential) will be 25 April 2018 at zero hour, Paris time, and they will be paid on 27 April 2018.

The amount of the ordinary dividend and the preferential dividend is eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code, which is applicable in the event that an individual beneficiary opts to tax his or her income from movable assets on the progressive scale of income tax.

First resolution: Approval of the 2017 parent company financial statements

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the Report of the Board of Directors and the 2017 parent company financial statements, as presented, and the transactions included in these financial statements and summarised in these Reports, showing net income of €3,051,719,329.20, compared with €3,014,442,845.08 for 2016.

Second resolution: Approval of the 2017 consolidated financial statements

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the 2017 consolidated financial statements and the transactions included in these financial statements and summarised in these Reports.

Third resolution: Allocation of the Company's net income for 2017 and setting of the dividend

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, on the proposal of the Board of Directors, decides to allocate the net income for the 2017 financial year, amounting to €3,051,719,329.20, as follows:

No allocation to the legal reserve which already represents over one-tenth of the share capital	–
Amount allocated to the shareholders as a dividend* (including preferential dividend)	€2,005,909,431.20
Balance that will be allocated to the "Other reserves" item	**€1,045,809,898.00**

* *Including an initial dividend equal to 5% of the amounts paid up on the shares, i.e. the total amount of the share capital.*

This amount is calculated on the basis of the number of shares forming the capital at 31 December 2017 and will be adjusted to reflect:

- the number of shares issued between 1 January 2018 and the date of payment of this dividend following the exercise of stock options or the final vesting of new free shares granted and giving entitlement to such dividend;
- the final number of shares eligible for the preferential dividend, taking into account sales or transfer to a bearer account between 1 January 2018 and the date of payment of the dividend.

The Annual General Meeting therefore declares an ordinary dividend to be paid of €3.55 per share, the preferential dividend entitling eligible holders to a total of €3.90 per share. The preferential dividend will be granted to the shares held in registered form since 31 December 2015 at the latest, and which continuously remain in registered form until the dividend payment date, it being specified that the number of shares giving entitlement to such preferential dividend cannot exceed 0.5% of share capital for any one shareholder. The ex-dividend date for the dividends (both ordinary and preferential) will be 25 April 2018 at zero hour (Paris time) and they will be paid on 27 April 2018.

In the event that, at the time of payment of the dividend, the Company holds treasury shares, the distributable profit corresponding to the unpaid dividend due to the holding of such shares would be allocated to the "*Other reserves*" item.

For individuals domiciled in France, the dividend to be received as from 1 January 2018 is subject to income tax at a flat rate but may be taxed progressively if the shareholder so chooses. In such a case, the dividend is eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code.

The table set out below gives the amounts of the dividends distributed, that were fully eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code, for the last three financial years:

	2014	2015	2016
Ordinary dividend per share	€2.70	€3.10	€3.30
Preferential dividend per share	€0.27	€0.31	€0.33

RESOLUTIONS 4, 5, 6 AND 7: TENURES OF DIRECTORS

STATEMENT OF REASONS

1. Composition of L'Oréal's Board of Directors at 31 December 2017

The Directors of L'Oréal come from different backgrounds. They complement one another due to their different professional experience, their skills and their nationalities. They have good knowledge of the Company. The Directors are present, active and closely involved. These are all assets which contribute to the quality of the Board's deliberations in the context of the decisions that it is called on to make.

The Directors are attentive and vigilant and exercise complete freedom of judgement. This freedom of judgment enables them in particular to participate, in complete independence, in the decisions or work of the Board and its Committees.

Jean-Paul Agon, age 61, joined the L'Oréal Group in 1978. Following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, International Managing Director of Biotherm, General Manager of L'Oréal Germany, General Manager of the Asia Zone, President and Chief Executive Officer of L'Oréal USA, Jean-Paul Agon was appointed as Deputy Chief Executive Officer of L'Oréal in 2005, and then Chief Executive Officer in April 2006 and finally Chairman and Chief Executive Officer in 2011. A Director of L'Oréal since 2006, he is also the Chairman of the Strategy and Sustainable Development Committee. Jean-Paul Agon is also the Chairman of the L'Oréal Corporate Foundation and a Director of Air Liquide.

Françoise Bettencourt Meyers, age 64, daughter of Liliane Bettencourt and granddaughter of the founder of L'Oréal, Eugène Schueller, has been the Chairwoman of the family-owned holding company Téthys since 31 January 2012, and is the Chairwoman of the Supervisory Board of the investment subsidiary Téthys Invest, Chairwoman of the Bettencourt Schueller Foundation and Honorary President of the Foundation *Pour l'Audition.* Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997 and a member of the Strategy and Sustainable Development Committee since 2012.

Paul Bulcke, age 63, a dual citizen of Belgium and Switzerland, is the Chairman of the Board of Directors of Nestlé. Paul Bulcke was a Director at L'Oréal from 2012 to June 2014 and has been back in that position since 2017. Paul Bulcke is the Vice-Chairman of the Board of Directors, and is a member of the Strategy and Sustainable Development Committee, the Appointments and Governance Committee, and the Human Resources and Remuneration Committee. He is also a Director of Roche Holding (Switzerland).

Jean-Pierre Meyers, age 69, has been a Director of L'Oréal since 1987, Vice-Chairman of the Board of Directors since 1994, and is a member of the Strategy and Sustainable Development Committee, the Appointments and Governance Committee and the Human Resources and Remuneration Committee. Jean-Pierre Meyers is Vice-Chairman of the Supervisory Board and Chief Executive Officer of the family-owned holding company Téthys, Chairman of the investment subsidiary Téthys Invest, Vice-Chairman of the Bettencourt Schueller Foundation and President of the Foundation *Pour l'Audition*.

Ana Sofia Amaral, age 52, of Portuguese nationality, is Scientific and Technical Affairs Director for L'Oréal Portugal. Ana Sofia Amaral was appointed in 2014 by L'Oréal's *Instance Européenne de Dialogue Social*/European Works Council as a Director representing the employees. She is a member of the Human Resources and Remuneration Committee.

Sophie Bellon, age 56, is the Chairwoman of the Board of Directors of Sodexo. After a career in finance in the United States, she joined Sodexo in 1994, where she held a variety of positions, including as the Country Manager for the Business Division in France then as R&D and Innovation Strategy Manager. Sophie Bellon has been a Director at L'Oréal since 2015, she is the Chairwoman of the Appointments and Governance Committee and a member of the Audit Committee.

Charles-Henri Filippi, age 65, was Chairman of Citigroup for France until December 2017, after having spent his career within the HSBC group. Charles-Henri Filippi has been a Director of L'Oréal since 2007 and is a member of the Audit Committee, the Appointments and Governance Committee and Chairman of the Human Resources and Remuneration Committee. He is also a Director of Orange and Nexity.

Xavier Fontanet, age 69, former Chairman and Chief Executive Officer (1996-2009) and former Chairman of the Board of Directors of Essilor (2010-2012), has been a Director of L'Oréal since May 2002 and is a member of the Strategy and Sustainable Development Committee. He is also a member of the Board of Directors of Schneider Electric.

Belén Garijo, age 57, of Spanish nationality, is Chairwoman and Chief Executive Officer of Merck Healthcare, a company bringing together the pharmaceutical businesses of German group Merck, and a member of the Merck group's Executive Committee. Belén Garijo has been a Director of L'Oréal since 2014 and is a member of the Human Resources and Remuneration Committee. She is also a Director of BBVA (Spain).

Béatrice Guillaume-Grabisch, age 53, is the Chief Executive Officer of Nestlé Germany, having joined the Nestlé group in 2013 after a career in a variety of consumer goods corporations (Colgate-Palmolive, Beiersdorf, Johnson & Johnson, L'Oréal, Coca-Cola). Béatrice Guillaume-Grabisch has been a Director at L'Oreal since 2016 and is a member of the Audit Committee.

Bernard Kasriel, age 71, a former Chief Executive Officer of Lafarge, has been a Director of L'Oréal since 2004, and is a member of the Strategy and Sustainable Development Committee. He is also a Director of Nucor (United States).

Georges Liarokapis, age 55, of French and Greek nationality, is Coordinator of Sustainability for L'Oréal Western Europe. Georges Liarokapis was appointed by the CFE-CGC as a Director representing the employees in 2014. He is a member of the Audit Committee.

Jean-Victor Meyers, age 31, has been a member of the Supervisory Board of the family-owned holding company Téthys since January 2011, and is a member of the Supervisory Committee of the investment subsidiary Téthys Invest and Chairman of Exemplaire. Jean-Victor Meyers has been a Director of L'Oréal since 2012 and is a member of the Audit Committee.

Virginie Morgon, age 48, is Chief Executive Officer of Eurazeo, which she joined in 2008, after working for sixteen years at Lazard, as well as President and Chief Executive Officer of Eurazeo North America Inc. (USA). Virginie Morgon has been a Director of L'Oréal since 2013 and is the Chairwoman of the Audit Committee. She is Vice-Chairwoman of the Board of Directors of Moncler SpA, Chairwoman of the Supervisory Board of Asmodee Holding and Eurazeo PME, Director of Abasic (Desigual), member of the Supervisory Board of Grandir (Les Petits Chaperons Rouges) and of Vivendi. She is also Co-President of the French Committee of Human Rights Watch.

Eileen Naughton, age 60, of American nationality, is Vice-President People Operations at Google, which she joined in 2006 after holding various responsibilities with Time Warner, including the position of President of Time group from 2002 to 2005. She has been a Director of L'Oréal since 2016 and is a member of the Human Resources and Remuneration Committee.

2. *Resolutions submitted for approval to the Annual General Meeting of 17 April 2018*

The appointment of two new Directors is put to the vote of the Annual General Meeting as well as the renewal of two Directors whose tenure expires at the close of this Annual General Meeting.

2.1 Appointment of two new Directors: Mr. Axel Dumas and Mr. Patrice Caine

The tenure of Mr. Xavier Fontanet, who has been a Director of L'Oréal since 2002 and is a member of the Strategy and Sustainable Development Committee, comes to an end after the Annual General Meeting of 17 April 2018.

Mr. Xavier Fontanet has informed the Board of Directors that he did not wish to renew his tenure.

At the Board meeting of 8 February 2018, the Board extended his sincere thanks to Mr. Xavier Fontanet for the quality of his contribution to the discussions of the Board and to the work of the various committees he had been part of.

The Board of Directors meeting of 8 February 2018 also recorded the resignation of Mr. Charles-Henri Filippi following his appointment as Partner and Managing Director of Lazard in March 2018, given the nature of the business relations between Lazard and L'Oréal. The tenure of Mr. Filippi as Director ended on 8 February 2018.

The Board extended its warmest thanks to Mr. Charles-Henri Filippi for his contribution to the work of the Board and of the three Committees of which he was a member or Chairman (Audit Committee, Appointments and Governance Committee and Human Resources and Remuneration Committee).

- Appointment of Mr. Axel Dumas as Director (resolution 4)

On the recommendation of the Appointments and Governance Committee, the Board of Directors submits the appointment of Mr. Axel Dumas, Executive Chairman of Hermès International, as Director, to the Annual General Meeting.

Mr. Axel Dumas, age 47, a French national, holds a Masters in business law and a degree in philosophy. He is a graduate of Sciences Po and of the Harvard Business School (AmP 179). He began his career at BNP Paribas in China where he worked from 1995 to 1997 before moving to the United States from 1999 to 2003.

Mr. Axel Dumas joined the Financial Department of Hermès in 2003 then became Sales Director for France. He was appointed Chief Executive Officer of Hermès Jewellery in 2006 and has been the Chief Executive Officer of Hermès Leather Goods and Saddlery division since 2008. In May 2011, Mr. Axel Dumas was appointed as Executive Vice-President of Operations and member of the Executive Committee of the group.

A member of the sixth generation of the group founded by Thierry Hermès in 1837, he has been Executive Chairman of Hermès International since June 2013.

Mr. Axel Dumas will provide his strategic vision to the L'Oréal Board as well as his knowledge of the luxury goods sector and his international experience.

The appointment of Mr. Axel Dumas as Director for a period of four years is submitted to the Annual General Meeting.

- Appointment of Mr Patrice Caine as Director (resolution 5)

On the recommendation of the Appointments and Governance Committee, the Board submits the appointment of Mr. Patrice Caine, Chairman and Chief Executive Officer of the Thales group, as a Director, to the Annual General Meeting.

Mr. Patrice Caine, age 48, is a graduate of *École Polytechnique* and *École des Mines* in Paris. He began his career in 1992 in the pharmaceutical industry before becoming a mergers and acquisitions and corporate strategy consultant in London.

From 1995 to 1998, he was special advisor to the Prefect of the Franche-Comté Region in France and held several positions at DRIRE (French agency responsible for industry, research and the environment).

He was part of the *Conseil Général des Mines* from 1998 to 2000 in charge of human resources for the *Corps des Mines*. From 2000 to 2002, he worked as technical advisor on energy on the staff of the French Minister of the Economy, Finance and Industry.

Patrice Caine joined the Strategy Department of Thales group in 2002 then held management positions in different operating units (Aviation and Naval, Communications, Navigation and Identification, Air Systems, Radio-communications Products, Network and Infrastructure Systems and Protection Systems). He joined Thales' Executive Committee in February 2013 as Senior Executive Vice-President, Chief Operating Officer and Chief Performance Officer.

He has been Chairman and Chief Executive Officer of the Thales group since December 2014.

Mr. Patrice Caine will provide the L'Oréal Board with his strategic vision, his industrial expertise and his experience in new technologies and cybersecurity.

The appointment of Mr. Patrice Caine as Director for a period of four years is submitted to the Annual General Meeting.

2.2 Renewal of the tenure of two Directors: Mr. Jean-Paul Agon and Mrs. Belén Garijo

The terms of Mr. Jean-Paul Agon and of Mrs. Belén Garijo as Directors expire in 2018, and their renewal for four years is submitted to the Annual General Meeting.

- Renewal of the tenure of Mr. Jean-Paul Agon as Director (resolution 6)

Mr. Jean-Paul Agon joined the L'Oréal Group in 1978 and has been a Director since 2006.

Following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, as International Director of Biotherm, General Manager of L'Oréal Germany, Executive Vice-President of the Asia Zone, and President and Chief Executive Officer of L'Oréal USA, Mr. Jean-Paul Agon was appointed Deputy Chief Executive Officer of L'Oréal in 2005, then Chief Executive Officer in April 2006.

He has been Chairman and Chief Executive Officer of L'Oréal since 2011.

Mr. Jean-Paul Agon has in-depth knowledge of the L'Oréal Group, to which he has very strong ties. He has been committed to the Company's success for over 39 years.

He is also the Chairman of the L'Oréal Corporate Foundation and a Director of Air Liquide.

Mr Agon's attendance has been 100% over the four years of his tenure.

- Renewal of the tenure of Mrs. Belén Garijo as a Director (resolution 7)

Mrs. Belén Garijo has been a Director of L'Oréal since 2014 and a member of the Human Resources and Remuneration Committee since 2015.

Mrs. Belén Garijo, age 57, of Spanish nationality, is a graduate of the University of Medicine of Madrid. After several years in pharmacology research at the University of Madrid, she joined the pharmaceutical industry. She has been Chairwoman and Chief Executive Officer of Merck Healthcare since 2011. The company combines the pharmaceutical businesses of the German group Merck. She is also a member of the group’s Executive Committee. She is also a Director of BBVA (Spain).

Mrs. Garijo is a highly involved independent Director. She provides her expertise in the healthcare sector, her international business experience at the highest levels and her strategic vision to the Board.

Mrs. Garijo's attendance has been 88% over the four years of her tenure.

3. Composition of the Board of Directors after the Annual General Meeting of 17 April 2018

If the Annual General Meeting votes in favour of the renewals and appointment proposed to it in 2018, the expiry dates of the terms of office of the 15 Directors of L’Oréal would be as follows:

			Board Committees			
	Independence	Expiry date of current term of office	Strategy and Sustainable Development	Audit	HR and Remuneration	Appointments and Governance
Mr. Jean-Paul Agon		2022	P			
Mrs. Françoise Bettencourt Meyers		2021	●			
Mr. Paul Bulcke		2021	●		●	●
Mr. Jean-Pierre Meyers		2020	●		●	●
Mrs. Ana Sofia Amaral*	Employee Director	2022			●	
Mrs. Sophie Bellon	◆	2019		●	P	P
Mr. Patrice Caine	◆	2022				●
Mr. Axel Dumas	◆	2022		●		
Mrs. Belén Garijo	◆	2022			●	
Mrs. Béatrice Guillaume-Grabisch		2020		●		
Mr. Bernard Kasriel	◆	2020	●			
Mr. Georges Liarokapis**	Employee Director	2022		●		
Mr. Jean-Victor Meyers		2020		●		
Mrs. Virginie Morgon	◆	2021		P		
Mrs. Eileen Naughton	◆	2020			●	

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors.*
P *Committee Chairman/Chairwoman*
● *Committee Member*

* *The term of Mrs. Ana Sofia Amaral as employee Director ends on 17 April 2018 (following the Annual General Meeting). It is up to Instance Européenne de Dialogue Social (European Works Council) to renew the term of office of Mrs. Amaral or to appoint a new employee Director for another term of four years.*
** *The term of Mr. Georges Liarokapis as employee Director ends on 17 April 2018 (following the Annual General Meeting). It is up to CFE-CGC, the most representative union at L’Oréal in France, to renew the term of office of Mr. Liarokapis or to appoint a new employee Director for another term of four years.*

3.1. Independence of the Directors

The Appointments and Governance Committee proposes to the Board of Directors every year to review on a case-by-case basis the situation of each of the Directors with regard to their independence according to the criteria set out in the AFEP-MEDEF Code.

The review of the independence of these Directors was carried out by the Board of Directors on the basis, in particular, of a study of the relationships existing between the Company and the companies in which the Directors hold offices. Moreover, the Board of Directors considered that a term of office of over 12 years was not sufficient in itself for Mr Kasriel to automatically lose the status of independent Director.

If the Annual General Meeting votes in favour of the appointments and renewals that are proposed by the Board of Directors, the number of Independent Directors would be 7 out of 13, namely a rate of independence of 54% (the two Directors representing the employees are not taken into account pursuant to the AFEP-MEDEF Code).

3.2. Balanced gender representation on the Board of Directors

If the Annual General Meeting votes in favour of the appointments and renewals proposed to it, the number of women on the Board of Directors would be 6 out of the 13 Directors appointed by the Annual General Meeting, namely a percentage representation of women of 46% (the two Directors representing the employees are not taken into account pursuant to the French Commercial Code).

3.3. Length of tenure and minimum number of shares held

The length of the terms of office of the Directors appointed by L'Oréal's Annual General Meeting is set at four years, or a shorter period in order to provide for staggered renewal of the Directors' terms of office. The term of office of a Director who is not appointed by the Annual General Meeting is four years. The Directors appointed by the Annual General Meeting each hold a minimum of 1,000 L'Oréal shares. On the date of his/her appointment by the Annual General Meeting, every Director must hold at least 500 shares, with the remainder to be acquired at the latest within the next 24 months. The full list of the offices, duties and directorships held by the Directors is set out on pages 49 et seq. of the Registration Document.

Fourth resolution: Appointment of Mr. Axel Dumas as a Director

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, appoints Mr. Axel Dumas as a Director for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2022 to review the financial statements for the previous financial year.

Fifth resolution: Appointment of Mr. Patrice Caine as a Director

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, appoints Mr. Patrice Caine as a Director for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2022 to review the financial statements for the previous financial year.

Sixth resolution: Renewal of the tenure of Mr. Jean-Paul Agon as a Director

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, renews the tenure of Mr. Jean-Paul Agon as Director for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2022 to review the financial statements for the previous financial year.

Seventh resolution: Renewal of the tenure of Mrs. Belén Garijo as a Director

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, renews the tenure of Mrs. Belén Garijo as Director for a period of four years.

Her tenure will expire at the end of the Annual General Meeting to be held in 2022 to review the financial statements for the previous financial year.

RESOLUTION 8: SETTING THE AMOUNT OF THE ANNUAL ATTENDANCE FEES ALLOCATED TO MEMBERS OF THE BOARD OF DIRECTORS

STATEMENT OF REASONS

With the goal of maintaining the attractiveness of serving on the Board, particularly taking into consideration the inter-continental travel involved, and to compensate the Directors for participating in additional Board meetings, it is proposed that the maximum annual amount of the attendance fees, which has not changed since 2014 and is currently €1,450,000, be reviewed.

On the recommendation of the Human Resources and Remuneration Committee, the Board proposes to the Annual General Meeting that the maximum annual amount of the attendance fees be increased to €1,600,000.

The authorisation would replace that granted by the Annual General Meeting in 2014.

The principles for the distribution of these fees are described on paragraph 2.4 of the Registration Document and provide for a predominant variable portion based on attendance.

Eighth resolution: Setting the amount of the annual attendance fees allocated to the members of the Board of Directors

It is proposed to the Annual General Meeting that the Board of Directors receive a maximum annual amount of €1,600,000 as attendance fees, until the Annual General Meeting decides otherwise, with the Board of Directors being tasked with setting the distribution and payment schedule for the attendance fees.

RESOLUTION 9: APPROVAL OF THE APPLICATION OF THE DEFINED BENEFIT PENSION PLAN PROVISIONS OF THE EMPLOYMENT CONTRACT OF MR. AGON FOR THE DURATION OF THE RENEWED CORPORATE OFFICE

STATEMENT OF REASONS

Pursuant to Article L. 225-22-1 of the French Commercial Code as amended by the law of 6 August 2015 on economic growth, activity and equal opportunities, the provisions of the suspended employment contract representing defined benefit pension scheme commitments for the period of service in the corporate office are subject to the scheme provided for by Article L. 225-42-1 of the French Commercial Code.

These legal provisions are applicable for the first time at the time of renewal of the tenure of Mr. Jean-Paul Agon, the Chairman and Chief Executive Officer, which the Board of Directors will decide on following the Annual General Meeting of 17 April 2018.

The Board of Directors, at its meeting of 8 February 2018, approved the implementation of the provisions of Mr. Jean-Paul Agon's employment contract for the duration of the renewed corporate office, as approved by the Annual General Meeting of 27 April 2010, corresponding to defined benefit pension scheme commitments, as described on paragraph 2.5.2.4 of the Registration Document.

The Board of Directors has subordinated the increase in conditional rights for the period to the achievement of the performance conditions, assessed in light of the Company's performance.

It should be noted that, pursuant to the provisions of the employment contract suspension agreement corresponding to defined benefit pension commitments for the period of service of the new tenure, the Chairman and Chief Executive Officer will benefit from:

- the revaluation of the calculation basis of his pension based on the revaluation coefficient for salaries and pension contributions published by the *Caisse Nationale d'Assurance Vieillesse* (French State pension system); and
- the inclusion of his seniority corresponding to the number of years of service in the renewed corporate office, until such time as Mr. Jean-Paul Agon will reach the 40-year seniority ceiling provided for by the scheme, *i.e.*, 1 September 2018. He will not be granted any other additional annuities.

Pursuant to Article L. 225-42-1 of the French Commercial Code, the Board of Directors, on the basis of the proposal made by the Human Resources and Remuneration Committee, has decided to take into account the same performance as that retained to determine the annual variable remuneration of the executive officer.

The increase for a financial year will depend on the achievement of at least 80% of the performance targets taken into account to determine the annual variable remuneration of Mr. Jean-Paul Agon. In the event that the 80% threshold is not met, no increase will be granted for the financial year.

Pursuant to Article L. 225-42-1 of the French Commercial Code, the Board of Directors will verify, on an annual basis, compliance with the conditions that it set and will determine, for that year, before the Ordinary General Meeting called to approve the financial statements of the last financial year, the increase in the conditional entitlements for the Chairman and Chief Executive Officer corresponding to commitments for the defined benefit pension scheme for the duration of the renewed corporate office.

The Board of Directors submits to this Annual General Meeting, for its approval, the application of the provisions of the suspended employment contract to calculate the entitlement of Mr. Jean-Paul Agon to the defined pension benefit scheme, for the duration of the renewed corporate office.

In so doing, the Board of Directors has decided to continue with the policy it has always implemented at the Company, whereby employees who have more than 15 years' seniority when they are appointed as company Directors within the Group are not deprived of the benefits that they would have continued to receive if they had remained employees. This is the case with Mr. Jean-Paul Agon, who is being appointed an executive officer after 27 years with L'Oréal.

Ninth resolution: Approval of the application of the defined benefit pension plan provisions of the employment contract of Mr. Agon for the duration of the renewed corporate office

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Special Report of the Statutory Auditors on related-party agreements and commitments, and in accordance with the provisions of Articles L. 225-22-1 and L. 225-42-1 of the French Commercial Code and Article 229-II of law No. 2015-990 of 6 August 2015, approves the application of the following beginning on 17 April 2018, subject to the relevant performance conditions:

- the review of the benchmark remuneration;
- the due consideration of the seniority corresponding to the number of years in office for the renewed corporate office;

on the calculation of the defined benefit pension scheme for Mr. Jean-Paul Agon, pursuant to the agreement to suspend the employment contract approved by the Annual General Meeting of 27 April 2010.

This decision is taken subject to the condition precedent that the term as Chairman and Chief Executive Officer of Mr. Jean-Paul Agon is renewed by the Board of Directors, which should take place after this meeting.

RESOLUTION 10: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR THE DETERMINATION, ALLOCATION AND DISTRIBUTION OF THE COMPONENTS OF THE TOTAL REMUNERATION AND THE BENEFITS OF ALL KINDS THAT MAY BE GRANTED TO THE EXECUTIVE OFFICERS

STATEMENT OF REASONS

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Annual General Meeting is called on to approve the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers due to their mandate.

These principles and criteria are presented in the Report of the Board of Directors and are set out in paragraph 2.5.1 of the Registration Document.

Tenth resolution: Approval of the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors drawn up pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers.

RESOLUTION 11: APPROVAL OF THE FIXED AND VARIABLE COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID OR ALLOCATED TO MR JEAN-PAUL AGON FOR THE 2017 FINANCIAL YEAR DUE TO HIS TENURE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

STATEMENT OF REASONS

Pursuant to Article L. 225-100 of the French Commercial Code, as amended by the law on transparency, the fight against corruption and the modernisation of economic life, known as the Sapin II law, the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2017 financial year due to his tenure as Chairman and Chief Executive Officer must be approved by the Annual General Meeting.

SUMMARY TABLE OF THE COMPONENTS OF REMUNERATION PAID OR ALLOCATED FOR THE 2017 FINANCIAL YEAR

Components of remuneration paid or allocated for the 2017 financial year	Amounts or accounting valuation put to the vote	Description
Fixed remuneration Change in 2017/2016	**€2,200,000** 0%	At its meeting on 9 February 2017, the Board of Directors decided, on the proposal of the Human Resources and Remuneration Committee, to maintain the fixed gross annual remuneration of Mr. Jean-Paul Agon at €2,200,000.
Variable annual remuneration	**€2,038,732** 92.7% out of a maximum target of 100% of the fixed remuneration	The annual variable remuneration is designed to align the remuneration allocated to the Chairman and Chief Executive Officer with the Group's annual performance and to promote the implementation of its strategy year after year. It is expressed as a percentage of fixed remuneration and this percentage may reach a maximum of 100% of fixed remuneration. CRITERIA FOR ASSESSMENT OF THE PERFORMANCE FOR 2017 ◆ **FINANCIAL CRITERIA** **60%** • Growth in comparable sales as compared to the budget *15%* • Growth in market share as compared to the main competitors *15%* • Growth in operating profit as compared to 2016 *10%* • Growth in net earnings per share as compared to 2016 *10%* • Growth in cash flow as compared to 2016 *10%* ◆ **EXTRA-FINANCIAL AND QUALITATIVE CRITERIA** **40%** • ***Quantifiable criteria (allocated equally among the following criteria)*** *25%* - CSR (*Sharing Beauty With All* programme): Innovating sustainably, Producing sustainably, Consuming sustainably; Sharing our growth; - Human Resources: Gender parity, Development of talented employees, Access to training; - Digital Development. • ***Individual qualitative performance:*** *15%* Management, Image, Company reputation, Dialogue with stakeholders. The assessment is carried out on a criterion-by-criterion basis without offsetting among the criteria. A summary of achievements in 2017 is available on pages 98 to 100 of the Registration Document.

Components of remuneration paid or allocated for the 2017 financial year	Amounts or accounting valuation put to the vote	Description
		ASSESSMENT FOR 2017 BY THE BOARD OF DIRECTORS OF 8 FEBRUARY 2018
		On the basis of the above-mentioned assessment criteria, the Board of Directors decided, on the proposal of the Human Resources and Remuneration Committee, to award gross variable remuneration of €2,038,732 for 2017, namely 92.7% of the maximum objective, with a level of achievement of the financial and extra-financial and qualitative criteria of 91.1% and 95.0% respectively. For confidentiality reasons, L'Oréal does not disclose the breakdown of the amounts paid by criteria; the elements used for assessment are described on pages 98 and 100 of the Registration Document. Pursuant to Article L. 255-37-2 of the French Commercial Code, the payment of this variable annual remuneration is subject to the approval of this eleventh resolution.
Other benefits		
◆ **Performance shares**	**32,000** performance shares valued at €5,340,800 (fair value estimated according to the IFRS standards used to prepare the consolidated financial statements)	Within the scope of the authorisation of the Ordinary and Extraordinary General Meeting of 20 April 2016 (resolution No. 15), the Board of Directors of 20 April 2017 decided, on the proposal of the Human Resources and Remuneration Committee, to make a conditional grant of 32,000 shares ("ACAs") to Mr. Jean-Paul Agon. The estimated fair value of one performance share (ACAs) under the 20 April 2017 plan according to the IFRS standards applied for the preparation of the consolidated financial statements is €166.90, i.e. a fair value of €5,340,800 for the 32,000 ACAs granted to Mr. Jean-Paul Agon in 2017. For the 20 April 2016 plan, the fair value of one ACAs amounted to €154.32. Final vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a 4-year vesting period as from the date of grant. Half of the number of shares that finally vests will depend on growth in comparable cosmetics sales as compared to those of a panel of competitors, such panel consisting of Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Johnson & Johnson, Henkel, LVMH, Kao, Coty; the other half will depend on the growth in L'Oréal's consolidated operating profit. The calculation will be based on the arithmetic average for the three full financial years of the vesting period. The first full year taken into account for evaluation of the performance conditions relating to this grant is 2018. Monitoring of the performance conditions year after year is described in detail on pages 332 and 333 of the Registration Document. With respect to the criterion relating to sales, in order for all the free shares granted to finally vest for the beneficiaries at the end the vesting period, L'Oréal has to outperform the average growth in sales of the panel of competitors. Below this level, the grant decreases. The Board defines a threshold, not made public for confidentiality reasons, below which no share will finally vest pursuant to this criterion. Concerning the criterion related to operating profit, a level of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all the free shares granted to finally vest for the beneficiaries at the end of the vesting period. Below this level, the grant decreases. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion. The grant of shares from which Mr. Jean-Paul Agon benefited in 2017 represents 3.53% of the total number of ACAs granted to the 2,038 beneficiaries of this same plan. In accordance with the authorisation granted by the Annual General Meeting on 20 April 2016, this grant of shares does not exceed 0.6% of the share capital, it being understood that the maximum amount granted to the executive officers may not represent more than 10% of the total number of free shares that may be granted. No stock option to purchase or subscribe for shares or other long-term incentive was granted to Mr. Jean-Paul Agon in 2017.
◆ **Attendance fees**	**€0**	Mr. Jean-Paul Agon did not wish to receive attendance fees in his capacity as Chairman and Chief Executive Officer.
◆ **Benefits additional to remuneration**	**€0**	◆ Benefits in kind: Mr. Jean-Paul Agon benefits from the necessary material resources for performance of his office such as, for example, the provision of a car with a chauffeur. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind.
	€8,959	◆ Additional social protection schemes: defined-contribution provident, healthcare-costs and pension schemes. Mr. Jean-Paul Agon continues to be treated in the same way as a senior manager during the entire term of his corporate office which allows him to continue to benefit from the additional social protection schemes and, in particular, the employee benefit and healthcare schemes applicable to the Company's employees. The amount of the employer's contributions to these different schemes was €8,959 in 2017, €6,080 of which related to the defined contribution pension scheme, it being noted that the amount due in this respect will be deducted from the pension due in respect of the defined benefit pension in accordance with the provisions of this collective scheme. The continuation of this treatment was approved by the Annual General Meeting on 27 April 2010.

Mr. Jean-Paul Agon does not receive exceptional or multi-year remuneration.

Information on the (i) severance benefit, (ii) dismissal or retirement benefits, (iii) on the compensation as monetary consideration for the non-compete clause, and (iv) on the supplementary defined benefit pension scheme benefits that Mr. Agon may be entitled to under his suspended employment contract, which were submitted to the AFEP-MEDEF for its advisory opinion, can be found on pages 93 to 94 of the Registration Document. The application of Mr. Agon's suspended employment contract in the calculation of his defined benefit pension scheme benefits for his renewed term of office is being submitted for the approval of the shareholders in the ninth resolution.

Eleventh resolution: Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2017 financial year due to his mandate as Chairman and Chief Executive Officer

Pursuant to Articles L. 225-37-2 and 225-100 of the French Commercial Code, the Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, approves the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2017 financial year due to his tenure as Chairman and Chief Executive Officer as presented in the statement of reasons for this resolution.

RESOLUTION 12: AUTHORISATION FOR THE COMPANY TO BUY BACK ITS OWN SHARES

STATEMENT OF REASONS

As the existing authorisation is due to expire in October 2018, it is proposed that the Annual General Meeting give the Board a new authorisation, it being specified that in the event of filing of a public offer by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

The Company would be able to buy its own shares for the following purposes:

- their cancellation by a reduction in its capital;
- their sale within the scope of employee share ownership programmes and their allocation to free grants of shares for the benefit of employees and executive officers of the L'Oréal Group;
- liquidity provision through a liquidity agreement entered into with an investment services provider in accordance with the Code of Ethics recognised by the *Autorité des Marchés Financiers*;
- retaining them and subsequently using them as payment in connection with external growth transactions.

The purchase, sale, exchange or transfer of these shares may be carried out by any means, on one or more occasions, in particular on or off the stock market, including in whole or in part, through the acquisition, sale, exchange or transfer of blocks of shares. These means include, where applicable, the use of all financial instruments and derivatives.

The authorisation would expire at the end of a period of 18 months as from this Annual General Meeting and would come into force on 21 October 2018, namely upon the expiry of the current authorisation for the Company to buy back its own shares which will expire on 20 October 2018.

The purchase price per share could not exceed €250 (excluding expenses). The authorisation would concern a maximum of 10% of the share capital, namely, for information purposes, at 31 December 2017, 56,051,908 shares for a maximum amount of €14,012,977,000 it being specified that the Company could not at any time hold more than 10% of its own capital.

Twelfth resolution: Authorisation for the Company to buy back its own shares

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, authorises the Board of Directors, with the possibility for it to delegate to the Chairman and Chief Executive Officer, to purchase shares of the Company, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and EU Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014 and subject to the following conditions:

- the purchase price per share may not be greater than €250 (excluding expenses);
- the number of shares that may be bought by the Company may not exceed 10% of the number of shares forming the capital of the Company at the time the shares are bought back, that is, for information purposes, at 31 December 2017, 56,051,908 shares for a maximum amount of €14,012,977,000, it being stipulated that the Company may at no time hold over 10% of its own share capital.

The Company may buy back its own shares under the conditions defined by the laws and regulations in force, and notably with a view to:

- their cancellation by a reduction in its capital;
- their allocation or sale to employees and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit sharing schemes, free grants of shares or all employee share ownership programmes as well as for the purpose of carrying out any transaction to cover the above-mentioned employee share ownership programmes;
- liquidity provision through a liquidity agreement entered into with an investment services provider in accordance with the Code of Ethics recognised by the *Autorité des Marchés Financiers*;
- retaining them and subsequently using them as payment in connection with external growth transactions.

The purchase, sale, exchange or transfer of these shares may be carried out by any means, on one or more occasions, in particular on or off the stock market, including in whole or in part, through the acquisition, sale, exchange or transfer of blocks of shares. These means include, where applicable, the use of all financial instruments and derivatives.

These transactions may be carried out at any time, in accordance with the regulations in force at the time of the transactions concerned, it being specified that in the event of filing of a public offer by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

The Annual General Meeting decides that this authorisation will expire at the end of a period of 18 months following this Annual General Meeting and will come into force on 21 October 2018, namely upon the expiry of the current authorisation for the Company to buy back its own shares which will expire on 20 October 2018.

The Board of Directors will have the possibility of allocating and reassigning to any of these objectives all the treasury shares currently held by the Company. Full powers are granted to the Board of Directors, with the possibility for it to delegate, for the implementation of this resolution and more generally do anything that may be necessary.

EXTRAORDINARY PART

RESOLUTION 13: AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL THROUGH THE CANCELLATION OF SHARES PURCHASED BY THE COMPANY WITHIN THE SCOPE OF ARTICLES L. 225-209 AND L. 225-208 OF THE FRENCH COMMERCIAL CODE

STATEMENT OF REASONS

The authorisation granted to the Board of Directors in 2016 to cancel shares purchased by the Company within the scope of Article L. 225-209 of the French Commercial Code is due to expire.

It is proposed that the Annual General Meeting give the Board a new authorisation allowing it to carry out share cancellations, subject to the legal limits. This authorisation shall be granted for a duration of twenty-six months from the Annual General Meeting of 17 April 2018 and shall render ineffective all previous authorisations.

With regard to the authorisation granted to the Board of Directors to cancel shares purchased by the Company within the scope of Article L. 225-208 of the French Commercial Code:

Certain share purchase options granted in the past may no longer be exercised due, for example, to the departure of their beneficiaries. The resolution to cancel shares purchased by the Company within the scope of Article L. 225-209 of the French Commercial Code, indicated above, does not allow for the cancellation of these shares, as the legal regimes for cancellation are separate.

The authorisation granted to the Board of Directors in 2016 to cancel the corresponding shares, purchased by the Company within the scope of Article L. 225-208 of the French Commercial Code, is due to expire.

It is proposed that the shares corresponding to share purchase options that may no longer be exercised be allocated to the cancellation policy currently conducted by the Board of Directors, up to a maximum limit of 771,125 shares (0.14% of the share capital at 31 December 2017), *i.e.* a maximum reduction in share capital of €154,225.

This authorisation shall be granted for a duration of twenty-six months from the Annual General Meeting of 17 April 2018 and shall render ineffective all previous authorisations.

Thirteenth resolution: Authorisation granted to the Board of Directors to reduce the share capital through the cancellation of shares purchased by the Company within the scope of Articles L. 225-209 and L. 225-208 of the French Commercial Code

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Report of the Board of Directors and the Special Report of the Statutory Auditors:

- authorises the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, to cancel, on one or more occasions, the shares owned by the Company under Article L. 225-209 of the French Commercial Code, subject to a limit of 10% of the share capital existing on the day of cancellation per twenty-four-month period;
- authorises the Board of Directors, in accordance with Articles L. 225-204 and L. 225-205 of the French Commercial Code, to cancel, on one or more occasions, a maximum of 771,125 shares (0.14% of the share capital at 31 December 2017) purchased by the Company on the basis of Article L. 225-208 of the French Commercial Code to cover share purchase option plans and which correspond or will correspond to options that may no longer be exercised.

Full powers are granted to the Board of Directors, which can delegate said powers, to:

- carry out a reduction in share capital by cancellation of shares;
- determine the final amount of the capital reduction;
- set the terms and record the completion there of;
- deduct the difference between the book value of the cancelled shares and their nominal amount from the available reserves and premiums;
- amend the Articles of Association accordingly;
- and more generally, carry out all actions and formalities and do everything necessary for the implementation of this resolution.

These authorisations are granted for a duration of twenty-six months from this Annual General Meeting and shall render ineffective all previous authorisations with the same purpose.

RESOLUTION 14: DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS FOR THE PURPOSE OF INCREASING THE SHARE CAPITAL IN ORDER TO REMUNERATE THE CONTRIBUTIONS IN KIND OF EQUITY SECURITIES OR SECURITIES GIVING ACCESS TO THE SHARE CAPITAL OF THIRD-PARTY COMPANIES

STATEMENT OF REASONS

The Annual General Meeting is asked to grant a delegation of authority to the Board of Directors to allow it to increase the Company's share capital in order to remunerate the contributions in kind granted to the Company, and comprising equity securities or securities giving access to the share capital of third-party companies, outside of a public exchange offer, to carry out possible external growth transactions.

The Board will make a decision based on the Contribution Auditors' report on, notably, the value of the contributions, if required.

The amount of share capital increase(s) that may be carried out pursuant to this resolution will be limited to 2% of the share capital on the day of the share capital increase decision, and will be charged against the total ceiling for capital increases provided for in paragraph 2) of the eleventh resolution approved during the Annual General Meeting of 20 April 2017.

This delegation of authority will not apply in the context of a public offer for Company securities.

This authorisation cancels the shareholders' preferential subscription right.

Fourteenth resolution: Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital in order to remunerate the contributions in kind of equity securities or securities giving access to the share capital of third-party companies

The Annual General Meeting, having reviewed the Report of the Board of Directors, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, and acting in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, and specifically Article L. 225-147 paragraph 6 of the said code:

1) delegates to the Board of Directors, subject to the conditions set by law, the power to carry out a capital increase, on one or several occasions, up to 2% of the share capital on the day of the capital increase decision, based on the report by the Contribution Auditors indicated in the 1st and 2nd paragraphs of Article L. 225-147 mentioned above, if required, for the purpose of remunerating the contributions in kind granted to the Company, comprising equity securities or securities giving access to the share capital, through the issue, on one or several occasions, of ordinary shares in the Company, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable;

2) decides that the amount of the capital increases that may be carried out pursuant to this resolution will be charged against the total ceiling for capital increases provided for in paragraph 2) of the eleventh resolution approved during the Annual General Meeting of 20 April 2017;

3) decides that in the event a public offer is filed by a third party with regard to the shares of the Company, the Board of Directors will not be able to implement this delegation of authority during the public offer period without the prior authorisation of the Annual General Meeting;

4) notes that, in accordance with the law, shareholders will not have a preferential subscription right to securities issued pursuant to this delegation;

5) decides that the Board of Directors will have full powers, with the faculty to delegate further under the conditions provided for by law, to implement this resolution, notably in order to:

- **a)** decide to conduct a capital increase to remunerate the contributions,
- **b)** determine the list of equity securities or securities giving access to the share capital contributed, approve, based on the report by the Contribution Auditors indicated in the first and second paragraph of Article L. 225-47 mentioned above, if required, the assessment of the contributions, set the conditions for the issue of shares remunerating the contributions, as well as, if applicable, the amount of any cash portion to be paid, approve the granting of special advantages and their value, and reduce, if the contributors agree, the assessment of contributions or the remuneration of special advantages,
- **c)** duly note the completion of each capital increase and amend the Articles of Association accordingly,
- **d)** deduct any costs of such a capital increase from the contribution premiums and take from this amount the amounts necessary to increase the legal reserve,
- **e)** in general, carry out all measures and formalities that may be useful for the issue, the listing, and the financial services of the shares issued pursuant to this delegation;

6) sets the period of validity of this delegation at 26 months as from the date of this Annual General Meeting.

RESOLUTION 15: AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO CARRY OUT FREE GRANTS OF EXISTING SHARES AND/OR SHARES TO BE ISSUED WITH CANCELLATION OF SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHT TO EMPLOYEES AND EXECUTIVE OFFICERS

STATEMENT OF REASONS

It is proposed that the Annual General Meeting renew its authorisation to carry out free grants of shares to Group employees and certain executive officers which will expire in 2018.

Under the scope of this authorisation, the number of free shares that may be granted may not exceed 0.6% of the share capital on the date of the Board of Directors' decision. The maximum nominal amount of the capital increases that may be carried out pursuant to this authorisation will be charged against the total ceiling provided for in paragraph 2) of the eleventh resolution approved during the Annual General Meeting of 20 April 2017.

The total number of free shares granted to the executive officers during a financial year may not represent more than 10% of the total number of free shares granted in respect of that same financial year.

In application of Article L. 225-197-1 of the French Commercial Code, the free grant of shares to their beneficiaries will become final and binding subject to the satisfaction of the other conditions set at the time of the grant, and specifically the employment condition, for all or part of the shares granted:

- either after a minimum vesting period of two years, and in this case, without a minimum holding period;
- or after a minimum vesting period of one year, it being stated that the beneficiaries must then hold these shares for a minimum of one year from their final allocation.

In all these cases, the Board of Directors proposes that the vesting and holding periods should be a minimum of four years. The Board of Directors shall have the power, in all cases, to provide for vesting periods which are longer than the minimum periods set above or to provide for a holding period.

If the Annual General Meeting approves this resolution, any free grants of shares shall be decided by the Board of Directors on the basis of the proposals made by the General Management and examined by the Human Resources and Remuneration Committee.

The Board of Directors will decide the identity of the beneficiaries of the grants, the number of shares allocated to each one and the performance conditions to be met for the final vesting of all or part of the shares.

These performance conditions will take into account:

- partly, growth in comparable cosmetics sales of L'Oréal as compared to a panel of L'Oréal's major direct competitors;
- partly, growth in L'Oréal's consolidated operating profit.

The figures recorded each year to determine the levels of performance achieved are published in the Annual Financial Report.

The Board of Directors considers that these two criteria, assessed over a long period of three financial years and applied to several plans, are complementary, in line with the Group's objectives and suitable to its specificities and should make it possible to promote balanced, continuing growth over the long term. They are exacting but remain a source of motivation for the beneficiaries.

Pursuant to the criterion relating to sales, in order for all the free shares granted to finally vest for the beneficiaries at the end of the vesting period, L'Oréal must outperform the average growth in sales of the panel of competitors. This panel comprises Unilever, Procter & Gamble, Estée Lauder, Shiseido, Beiersdorf, Johnson & Johnson, Henkel, LVMH, Kao, Coty. Below this level, the grant decreases. The Board defines a threshold, not made public for confidentiality reasons, below which no share will finally vest pursuant to this criterion.

Pursuant to the criterion relating to operating profit, in order for all the free shares granted to finally vest for the beneficiaries at the end of the vesting period, a level of growth defined by the Board, but not made public for confidentiality reasons, must be achieved or exceeded. Below this level, the grant decreases. If the operating profit does not increase in absolute value over the period, no share will finally vest pursuant to this criterion.

These performance conditions will apply to all individual allocations in excess of 200 free shares per plan, with the exception of executive officers and members of the Executive Committee, for which they will apply to the totality.

The free grant of shares may be carried out without performance conditions as part of the allocations carried out for all Group staff, or for shares allocated on the basis of cash subscriptions carried out as part of an increase in share capital reserved for Group employees pursuant to the 16th resolution.

Any allocations to executive officers shall be decided by the Board of Directors on the basis of the proposals made by the Human Resources and Remuneration Committee after an assessment of their performance.

The executive officers of L'Oréal will be obliged to retain 50% of the free shares that are definitively granted to them at the end of the vesting period in registered form until the termination of their duties.

Fifteenth resolution: Authorisation granted to the Board of Directors to carry out free grants of existing shares and/or shares to be issued with cancellation of shareholders' preferential subscription right to employees and executive officers

The Annual General Meeting, having reviewed the Report of the Board of Directors and the Special Report of the Statutory Auditors, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings and acting in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1) authorises the Board of Directors to carry out, on one or several occasions, free grants of existing shares or shares to be issued in L'Oréal, to employees and executive officers of the Company and of its French or foreign affiliates under the conditions of Article L. 225-197-2 of the French Commercial Code or to certain categories of employees and executive officers;

2) sets the validity period of this authorisation, which may be used on one or several occasions, at 26 months from 21 June 2018, namely upon the expiry of the current authorisation to carry out the allocation of existing shares to employees and executive officers that will end on 20 June 2018;

3) decides that the total number of free shares granted in this manner may not represent more than 0.6% of the share capital recorded on the date of the Board of Directors' decision, it being stated that this maximum number of existing shares or shares to be issued does not take into account the number of additional shares that may be allocated as the result of an adjustment in the number of shares initially allocated following a transaction on the Company's share capital;

4) decides that the maximum nominal amount of the increases in share capital that may be carried out pursuant to this authorisation will be charged against the total ceiling provided for in paragraph 2) of the eleventh resolution approved during the Annual General Meeting of 20 April 2017;

5) decides that the number of free shares granted to the Company's executive officers may not represent more than 10% of the total number of free shares granted during that same financial year pursuant to such resolution;

6) decides that the Board of Directors shall determine the identity of the beneficiaries or categories of beneficiaries of the allocations and the number of free shares granted to each one as well as the conditions to be met in order for the allocation to become binding, and notably the performance conditions, it being stated that the free grant of shares may be carried out without performance conditions as part of an allocation (i) for the benefit of all employees of L'Oréal and, if applicable, of its French and foreign affiliates, or (ii) for the benefit of employees and executive officers of foreign companies subscribing to a capital increase carried out pursuant to the 17th resolution of this Annual General Meeting or taking part in an employee shareholder transaction through the disposal of existing shares, or (iii) for the benefit of employees that are not members of the Executive Committee for a maximum of 200 free shares allocated as part of each of the plans decided by the Board of Directors;

7) decides (i) that the grant of such shares to their beneficiaries, for all or part of the shares granted, will become final and binding subject to satisfying the other conditions set at the time of the grant, at the end of a minimum vesting period of four years, and (ii) that the Board of Directors may set, and if applicable decide the duration of, a holding period for the vested shares;

8) decides that the grant of these shares to their beneficiaries will become final and binding prior to the expiry of the above-mentioned vesting periods in the event of disability of the beneficiary corresponding to a classification in the second or third categories provided for in Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*) and that such shares will be freely transferable in the event of disability of the beneficiary corresponding to a classification in the above mentioned categories under the French Social Security Code;

9) authorises the Board of Directors to carry out, where necessary, during the vesting period, adjustments to the number of shares associated with any possible transactions on the Company's share capital under the meaning of Article L. 225-181 of the French Commercial Code, so as to preserve the rights of the beneficiaries;

10) duly notes that this authorisation automatically entails, for the benefit of the beneficiaries of the free shares, the waiver by shareholders of their preferential subscription rights and of the portion of the reserves, profits or share premiums which, where applicable, are necessary for the issue of new shares;

11) delegates full powers to the Board, with the power to delegate further subject to the legal limits, to implement this authorisation.

RESOLUTIONS 16 AND 17: DELEGATIONS OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS FOR THE PURPOSE OF CARRYING OUT A CAPITAL INCREASE RESERVED FOR EMPLOYEES AND CERTAIN CATEGORIES OF EMPLOYEES INTERNATIONALLY, WITH CANCELLATION OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHT

STATEMENT OF REASONS

It is proposed to the Annual General Meeting, pursuant to the 16th resolution, to delegate to the Board of Directors the authority to decide on an increase in capital in favour of the Group's employees who are members of an Employee Savings Scheme.

This resolution, valid for a period of 26 months, would enable the employees of Group companies to subscribe for L'Oréal shares within the scope, in France, of the employee savings schemes.

In order for the Board to be able to deploy, where applicable, a world employee share ownership programme under the best possible conditions, it is also proposed to the Annual General Meeting pursuant to the 17th resolution to delegate to the Board of Directors the authority to decide on the increase in capital in favour of Group employees or categories of Group employees outside France.

This resolution, valid for a period of 18 months, would make it possible to propose the subscription of L'Oréal shares to Group employees or categories of Group employees outside France, after adapting the conditions of the offer to local specificities.

In accordance with the French Labour Code, pursuant to the 16th resolution, the issue price may not be higher than the average of the trading prices on the Euronext Paris market for the twenty trading days prior to the date of the decision setting the opening date of the subscription period nor may it be over 20% lower than this average.

Pursuant to the 17th resolution, the issue price would be determined under similar terms and conditions to those set for the 16th resolution and could also be set taking into account the specific regime of an offering of shares in the Company which would be carried out within the scope of a system of share ownership governed by foreign law.

The Annual General Meeting is therefore asked to delegate to the Board of Directors, pursuant to the 16th and 17th resolutions, the authority to decide to carry out the increase in capital of the Company, on one or more occasions, within the limit of 1% of the share capital, namely for information purposes at 31 December 2017 through the issue of 5,605,190 new shares, this ceiling being applicable jointly to the 16th and 17th resolutions. The amount of the capital increases that may be carried out pursuant to the 16th and 17th resolutions will be charged against the total ceiling for capital increases provided for in paragraph 2) of the eleventh resolution approved during the Annual General Meeting of 20 April 2017.

Sixteenth resolution: Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right

The Annual General Meeting, having reviewed the Reports of the Board of Directors and the Statutory Auditors, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code:

1) delegates to the Board of Directors the authority to carry out, on one or more occasions, on its own decisions alone, in the proportions and at the times it may consider appropriate, the issue of shares or securities giving access to the Company's capital reserved for employees, executive officers and eligible former employees, of the Company and of its French and foreign affiliates as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, who are members of an Employee Savings Scheme;

2) decides to cancel, in favour of the employees, executive officers and eligible former employees, of the Company and of its French and foreign affiliates as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, who are members of an employee savings scheme, the shareholders' preferential subscription right for the shares or securities giving access to the Company's capital, it being specified that the subscription of the shares or securities giving access to the Company's capital issued on the basis of this resolution may be carried out through any employee investment fund, and in particular a "structured" employee investment fund within the meaning of the regulations of the French financial markets authority (*Autorité des Marchés Financiers* - AMF), or any other collective body authorised by the regulations;

3) sets the period of validity of this delegation of authority at 26 months as from the date of this Annual General Meeting, and records that this delegation renders ineffective the unused portion of any prior delegation for the same purpose; it being specified that in the event of filing of a public offer by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting;

4) decides to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that could thus be carried out (namely, for information purposes, at 31 December 2017, an increase in the share capital by a maximum nominal amount of €1,121,038 through the issue of 5,605,190 new shares), it being specified that the cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the 17th resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting which constitutes a ceiling which applies jointly to the 16th and 17th resolutions;

5) decides that the amount of the capital increases that may be carried out pursuant to this resolution will be charged against the total ceiling for capital increases provided for in paragraph 2) of the eleventh resolution approved during the Annual General Meeting of 20 April 2017;

6) decides that the subscription price may include a discount as compared with the average of the trading prices on the Euronext Paris market for the 20 trading days prior to the date of the decision setting the opening date of the subscription period. Such discount may not exceed 20% of this average, it being specified that the Board of Directors, or the person to whom it delegates, if it deems it appropriate, is expressly authorised to reduce or eliminate the discount, in particular to take into account legal and tax regimes applicable in the countries of residence of the beneficiaries of the capital increase;

7) decides, pursuant to Article L. 3332-21 of the French Labour Code, that the Board of Directors will be able to provide for the free grant to the beneficiaries specified above of shares that have already been issued or are to be issued, as an additional employer contribution that may be paid pursuant to the employee savings scheme regulations, and/or in respect of the discount, provided that, after taking into account their equivalent monetary value, assessed on the basis of the subscription price, this does not lead to the limits provided for in Articles L. 3332-11 and L. 3332-19 of the French Labour Code being exceeded;

8) decides that the Board of Directors will have full powers, with the possibility to delegate further under the conditions provided for by law, to implement this delegation of authority within the limits and under the conditions specified above in particular in order to:

- set the conditions that must be met by the employees and eligible former employees to be able to subscribe, individually or through an employee investment fund, for the shares issued pursuant to this delegation,
- decide on the list of the companies whose employees may benefit from the issue,
- decide on the amount to be issued, the features, where applicable, of the securities giving access to the Company's capital, the issue price, the dates of the subscription period and the terms and conditions of each issue,
- set the time period allotted to the beneficiaries to pay up their shares or securities and the payment terms,
- set the date, even with retrospective effect, as of which the new shares will carry dividend rights,
- deduct, where applicable, the costs, taxes and fees of such issues from the amount of the share premiums and deduct, where applicable, from the amounts of the share premiums, the amounts required to increase the legal reserve to the level required by the French legislation and regulations in force, and, in the event of an issue of new free shares granted in respect of the additional employer contribution and/or discount, to deduct, where applicable, the sums necessary for paying up such shares from the reserves, profits or share premiums, as it chooses,
- in general, carry out all acts and formalities, take all decisions and enter into any agreements that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation of authority and record the final completion of the capital increase(s) made pursuant to this delegation of authority and amend the Articles of Association accordingly.

Seventeenth resolution: Delegation of authority to the Board of Directors in order to enable it to carry out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of the shareholders' preferential subscription right, within the scope of an employee share ownership programme

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Reports of the Board of Directors and the Statutory Auditors, and acting in accordance with the provisions of Articles L. 225-129-2 and L. 225-138 of the French Commercial Code:

1) delegates to the Board of Directors the authority to decide to increase the Company's share capital, on one or more occasions, in the proportions and at the times it may consider appropriate, through the issue of shares or securities giving access to the Company's capital with cancellation of the shareholders' preferential subscription right in favour of the beneficiaries defined below;

2) decides to cancel the shareholders' preferential subscription right for the shares and securities giving access to the Company's capital within the scope of this delegation of authority and to reserve the right to subscribe them to one or several categories of beneficiaries meeting the following characteristics: (i) employees and executive officers of affiliates of the Company under the conditions of Article L. 225-180 of the French Commercial Code and Article L. 3341-1 of the French Labour Code and which have their registered office outside France and/or (ii) for UCITS or other entities governed by French or foreign law, whether or not they constitute a legal person, of employee share ownership schemes invested in shares of the Company whose unit holders or shareholders will consist of the persons mentioned in paragraph (i) or enabling the persons mentioned in paragraph (i) to benefit, either directly or indirectly, from a Company employee share ownership plan or employee share savings scheme;

3) sets the period of validity of this delegation of authority at 18 months as from the date of this Annual General Meeting, and records that this delegation renders ineffective the unused portion of any prior delegation for the same purpose; it being specified that in the event of filing of a public offer by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting;

4) decides that the issue price of the new shares, to be issued pursuant to this delegation of authority, will be set, (i) on the basis of an average of the trading prices on the Euronext Paris market for the twenty trading days prior to the date of the decision of the Board of Directors, or of the Chief Executive Officer, setting the opening date of the subscription period, with a maximum discount of 20%, and/or (ii) at the same price as decided on the basis of the 16th resolution at the time of a simultaneous transaction, and/or (iii) in accordance with the terms and conditions for setting the subscription price for the Company's shares taking into account the specific regime of an offering of shares in the Company which would be carried out within the scope of a share ownership scheme governed by foreign law, and in particular within the scope of a Share Incentive plan in the United Kingdom or a 401k or 423 plan in the United States;

5) decides to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that could thus be carried out (namely, for information purposes, at 31 December 2017, an increase in the share capital by a maximum nominal amount of €1,121,038 through the issue of 5,605,190 new shares), it being specified that the cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the 16th resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting which constitutes a ceiling which applies jointly to the 16th and 17th resolutions;

6) decides that the amount of the capital increases that may be carried out pursuant to this resolution will be charged against the total ceiling for capital increases provided for in paragraph 2) of the eleventh resolution approved during the Annual General Meeting of 20 April 2017;

7) decides that the Board of Directors will have full powers, with the possibility to delegate further under the conditions provided for by law, to make use of this delegation of authority on one or more occasions, in particular in order to:

- decide on the list of beneficiaries, from one or more categories of beneficiaries defined above, or the categories of employees who will be beneficiaries of each issue and the number of shares to be subscribed by each of them,
- determine the formulas and methods of subscription which will be presented to the employees in each country concerned, in light, where applicable, of the local legal constraints that apply, and select the countries chosen from those in which the Group has subsidiaries as well as such subsidiaries whose employees will be able to participate in the transaction,
- decide on the maximum number of shares to be issued, within the limits set by this resolution and record the final amount of each increase in capital and amend the Articles of Association accordingly,
- decide on the dates and any other terms and conditions of such an increase in capital under the conditions provided for by law,
- deduct the costs of such an increase in capital from the amount of the related share premiums and take from this amount the amounts necessary to increase the legal reserve to one-tenth of the new amount of the share capital resulting from such an increase,
- in general, carry out all acts and formalities, take all decisions and enter into any agreements that may be useful or necessary for the due and proper completion of the share issues made pursuant to this delegation of authority and record the final completion of the capital increase(s) made pursuant to this delegation of authority and amend the Articles of Association accordingly.

RESOLUTION 18: AMENDMENT TO THE STATUTORY PROVISIONS FOR DECLARATIONS OF THRESHOLD CROSSING

STATEMENT OF REASONS

It is proposed that the Annual General Meeting update the statutory provisions for declarations of threshold crossings in order to align the system for declarations of threshold crossings in the Company's Articles of Association with the system provided for by the French Commercial Code.

The aim is to take into account the different cases of assimilation now provided for by the legal provisions and to adjust the system of sanctions accordingly.

Moreover, the notification period currently stipulated in the Company's Articles of Association (15 calendar days) is long and consequently limits the effectiveness of the declarations of statutory threshold crossings from a Company information viewpoint. A period of five trading days, exceeding by one day the period of four trading days applicable to legal threshold crossings, would be more relevant and in line with the practices of the majority of the market.

The thresholds which, when crossed, give rise to a declaration are unchanged compared to the current version of the Articles of Association.

Eighteenth resolution: Amendment to the statutory provisions for declarations of threshold crossing

The Annual General Meeting, having reviewed the Report of the Board of Directors, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, decides to amend the second and third paragraphs of Article 7 of the Articles of Association as follows:

Current version:	Proposed new version:
"Any holder, whether direct or indirect, of a fraction of the Company's share capital equal to 1%, or a multiple of this percentage lower than 5%, is required to inform the Company within a period of fifteen days in the event that these thresholds have been passed in either direction.	"Any person, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares or voting rights representing a fraction of the share capital or voting rights, taking into account equivalent securities under the meaning of Article L. 233-9 of the French Commercial Code, equal to 1% or a multiple of this percentage, and lower than 5%, must inform the Company of the total number of shares, voting rights and securities giving access to the share capital that it holds, as well as of equivalent securities under the meaning of Article L. 233-9 of the French Commercial Code, within a period of five trading days, from the date of the threshold crossing, pursuant to the notification and content conditions stipulated by the legal and regulatory provisions applicable to declarations of legal threshold crossings, and, notably by declaring the information that must be provided when a legal threshold is crossed to the French Financial Markets Authority (AMF), in accordance with its General Regulations. Such notice must also be given to the Company when a shareholder's ownership falls below one of the thresholds set forth above.
If not disclosed in accordance with the conditions stipulated by law or by the Articles of Association, shares exceeding the fraction which should have been disclosed are deprived of voting rights at Shareholders' Meetings, in accordance with the conditions stipulated in the French Commercial Code, if during a meeting the failure to disclose is noted, and if one or more shareholders together holding at least 5% of the share capital so request during the meeting."	If not disclosed in accordance with the conditions stipulated by law or by the Articles of Association, the shares of the offending shareholder exceeding the fraction which should have been disclosed are deprived of voting rights, in accordance with the conditions stipulated in the French Commercial Code, if during a General Meeting the failure to disclose is noted and if one or more shareholders together holding at least 5% of the share capital so request during said meeting."

RESOLUTION 19: POWERS FOR FORMALITIES

STATEMENT OF REASONS

This resolution is intended to grant the powers necessary to carry out all formalities resulting from the holding of the Annual General Meeting.

Nineteenth resolution: Powers for formalities

The Annual General Meeting grants full powers to the bearer of an original, copy or extract of these minutes to accomplish all legal and administrative formalities, and to make all filings and announcements prescribed by law.

SHARE CAPITAL: AUTHORISATIONS IN FORCE AND PROPOSED TO THE ANNUAL GENERAL MEETING

The table set out below which summarises (particularly in application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code) the currently valid authorisations granted to the Board of Directors by the Annual General Meeting of shareholders concerning the capital. It shows the use made of such authorisations over the financial year and presents the authorisations which are to be put to the vote at the Annual General Meeting on 17 April 2018.

	Authorisations in force				Authorisations proposed to the Annual General Meeting of 17 April 2018		
	Date of the Annual General Meeting (resolution no.)	Length (expiry date)	Maximum authorised amount	Use of the authorisation in 2017	Resolution No.	Length	Maximum calling
Share capital increases							
Capital increase through the issue of shares with maintenance of preferential subscription rights	20 April 2017 (11th)	26 months (20 June 2019)	Increase the share capital to €157,319,607 (1)	None			
Capital increase *via* the capitalisation of share premiums, reserves, profits or other amounts	20 April 2017 (12th)	26 months (20 June 2019)	Increase the share capital to €157,319,607 (1)	None			
Capital increase reserved for L'Oréal employees savings plan (PEE)	20 April 2017 (13th)	26 months (20 June 2019)	1% of share capital at the date of the Annual General Meeting (*i.e.* a maximum of 5,624,925 shares at 20 April 2017) (2)	None	16th	26 months (17 June 2020)	1% of share capital on the date of the Annual General Meeting (*i.e.*, as an indication, 5,605,190 shares at 31 December 2017) (2)
Capital increase reserved for employees of foreign subsidiaries	20 April 2017 (14th)	18 months (20 October 2018)	1% of share capital at the date of the Annual General Meeting (*i.e.* a maximum of 5,624,925 shares at 20 April 2017) (2)	None	17th	18 months (17 October 2019)	1% of share capital on the date of the Annual General Meeting (*i.e.*, as an indication, 5,605,190 shares at 31 December 2017) (2)
Share capital increase in order to remunerate the contributions in kind of equity securities or securities giving access to the share capital of third party companies.	N/A	N/A	N/A	N/A	14th	26 months (17 June 2020)	2% of the share capital on the date of the decision to increase the capital (*i.e.*, as an indication, 11,210,381 shares at 31 December 2017)
Buyback by the Company of its own shares							
Buyback by the Company of its own shares	20 April 2017 (9th)	18 months (20 October 2018)	10% of share capital on the date of the buybacks (*i.e.*, as an indication, 56,185,574 shares at 31 December 2016)	2,846,604 (3)	12th	18 months (17 October 2019)	10% of share capital on the date of the buybacks (*i.e.*, as an indication, 56,051,908 shares at 31 December 2017)
Reduction in the share capital *via* cancellation of shares							
Cancellation of shares purchased by the Company within the scope of Article L. 225-209 of the French Commercial Code	20 April 2016 (14th)	26 months (20 June 2018)	10% of share capital on the date of cancellation per 24-month period (*i.e.*, as an indication, 56,298,334 shares at 31 December 2015)	2,846,604	13th	26 months (17 June 2020)	10% of share capital on the date of cancellation per 24-month period (*i.e.* as an indication, 56,051,908 shares at 31 December 2017)
Cancellation of shares purchased by the Company within the scope of Article L. 225-208 of the French Commercial Code	20 April 2016 (14th)	26 months (20 June 2018)	750,000 shares	None	13th	26 months (17 June 2020)	771,125 shares
Free grants of shares							
Grant of existing free shares or shares to be issued to the employees	20 April 2016 (15th)	26 months (20 June 2018)	0.6% of the share capital on the grant decision date (*i.e.*, as an indication, 3,377,900 shares at 31 December 2015)	906,000	15th	26 months (17 June 2020)	0.6% of the share capital on the grant decision date (*i.e.*, as an indication, 3,363,114 shares at 31 December 2017)

(1) Total ceiling on capital increases, for all authorisations. It corresponds to maximum increases of 40% of the capital.
(2) The cumulative amount of the increases in share capital that may be carried out pursuant to the 16th and 17th resolutions submitted for a vote of the Annual General Meeting on 17 April 2018 may not exceed the maximum amount of 1% of the share capital which constitutes a ceiling which applies jointly to the 13th and 14th resolutions adopted by the Annual General Meeting of 20 April 2017.
(3) It should be noted that the buyback transactions in February and March 2017 were completed under the authorisation granted by the Annual General Meeting of 20 April 2016, which expired on 20 October 2017.

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Information concerning Directors whose appointment or tenure renewal is proposed to the Annual General Meeting

APPOINTMENT PROPOSED TO THE ANNUAL GENERAL MEETING

AXEL DUMAS

French
Age: 47
Mr Axel Dumas began his career in finance, working first in China and then in the United States. In 2003, he joined Hermès in the Finance Department, then as Sales Director for France. After holding various management positions, Mr Axel Dumas joined the Group's Executive Committee in May 2011.
Mr Axel Dumas has been serving as Executive Chairman of Hermès International since June 2013.

- Professional address: Hermès International – 24, rue du faubourg Saint Honoré 75008 PARIS
- Holds 1,000 L'Oréal shares.

MAIN CORPORATE OFFICE HELD OUTSIDE L'OREAL	
Hermès International *	Co-Executive Chairman
OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD	
French companies	
Ateliers A.S. H	Permanent representative of Hermès International, Director
Axam 2	Managing Director
Compagnie Hermès de Participations H	Permanent representative of Hermès International, Chairman
CHP3 H	Chairman
Comptoir Nouveau de la Parfumerie H	Permanent representative of Hermès International, Director
Hermès Sellier H	Chairman, Executive Vice President - Hermès Leather Goods and Saddlery division, Executive Vice President - Hermès Commercial division, Executive Vice President - Hermès Silks and Textiles division, Executive Vice President - Hermès Travel Retail division, Executive Vice President - Hermès Jewellery division, Executive Vice President - Hermès Men division, Executive Vice President - Hermès Services Group division, Executive Vice President - Hermès Distribution France division
Maia	Managing Director
Mathel	Managing Director
H51	Director
Foreign companies	
Boissy Mexico H (Mexico)	Acting Director
Faubourg Middle East H (United Arab Emirates)	Director
Herlee H (Hong Kong)	Chairman and Director (end of term of office: 30 June 2017)
Hermès Asia Pacific H (Hong Kong)	Director
Hermès Canada H (Canada)	Chairman and Director
Hermès China H (China)	Chairman and Director
Hermès China Trading H (China)	Chairman and Director

Hermès de Paris (Mexico) [H] (Mexico)	Acting Director	
Hermès do Brasil [H] (Brazil)	Consultative Board member (end of term of office: 25 September 2017)	
Hermès Grèce [H] (Greece)	Director	
Hermès Ibérica [H] (Spain)	Director	
Hermès India Retail and Distributors [H] (India)	Director	
Hermès Japon [H] (Japan)	Director	
Hermès Korea [H] (South Korea)	Chairman and Director	
Hermès Monte-Carlo [H] (Principality of Monaco)	Permanent representative of Hermès International, Vice Chairman and Director	
Hermès of Paris [H] (United States)	Chairman and Director	
Hermès Retail Malaysia [H] (Malaysia)	Chairman and Director	
La Montre Hermès [H] (Switzerland)	Director	
CORPORATE OFFICES AND DIRECTORSHIPS OVER THE LAST FIVE YEARS THAT HAVE EXPIRED		**Expiry date**
French compagnies		
Castille Investissement [H]	Permanent representative of Hermès International, Chairman	2016
Hermès Horizons [H]	Chairman	2016
Isamyol 28 [H]	Permanent representative of Hermès International, Chairman	2016
Isamyol 30 [H]	Permanent representative of Hermès International, Chairman	2016
Isamyol 31 [H]	Permanent representative of Hermès International, Chairman	2016
Isamyol 32 [H]	Permanent representative of Hermès International, Chairman	2016
Isamyol 33 [H]	Permanent representative of Hermès International, Chairman	2016
Grafton Immobilier [H]	Chairman	2015
Hermès Italie [H]	Chairman of the Board of Directors and Director	2015
Immobilier du 5 rue de Furstemberg [H]	Permanent representative of Hermès International, Chairman	2015
Maroquinerie de Normandie [H]	Permanent representative of Hermès International, Chairman	2015
Motsch-George V [H]	Permanent representative of Hermès International, Chairman	2015
SCI Boissy Les Mûriers [H]	Permanent representative of Hermès International, Executive Chairman	2015
SCI Boissy Nontron [H]	Permanent representative of Hermès International, Executive Chairman	2015
SCI Édouard VII [H]	Permanent representative of Hermès International, Executive Chairman	2015
SCI Honossy [H]	Permanent representative of Hermès International, Executive Chairman	2015
SCI Les Capucines [H]	Permanent representative of Hermès International, Co-Executive Chairman	2015
SCI Auger-Hoche [H]	Permanent representative of Hermès International, Executive Chairman	2015
Tannerie de Vivoin [H]	Permanent representative of Hermès International, Chairman	2015
Créations Métaphores [H]	Permanent representative of Hermès International, Member of the Management Board	2015
Isamyol 25 [H]	Permanent representative of Hermès International, Chairman	2014
CHP2 [H]	Permanent representative of Hermès International, Chairman	2014
Foreign companies		
Hermès Immobilier Genève [H] (Switzerland)	Director	2016
Hermès Australia [H] (Australia)	Chairman of the Board of Directors and Director	2015
Hermès Benelux Nordics [H] (Belgium)	Director	2015
Hermès GB [H] (Great Britain)	Chairman and Director	2015
Hermès Monte-Carlo [H] (Principality of Monaco)	Permanent representative of Hermès Sellier, Director	2015
Hermès Latin America [H] (United States)	Director	2015
Hermès of Hawaï [H] (United States)	Chairman and Director	2014

* *Listed companies*
[H] *Hermès Group companies*

PATRICE CAINE

French
Age: 48
Mr Patrice Caine began his career in the pharmaceutical industry. He later held different positions in the senior civil service before joining the Thales Group in 2002, first in the Strategy Department and then in different management positions. Since December 2014, Mr Patrice Caine has been serving as Chairman and Chief Executive Officer of the Thales Group.

- Professional address: Thales – Tour Carpediem – 31 place des Corolles. 92098 PARIS LA DEFENSE Cedex
- Holds 500 L'Oréal shares.

MAIN CORPORATE OFFICE HELD OUTSIDE L'OREAL	
Thales *	Chairman and Chief Executive Officer
OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD	
French companies	
Naval Group (formerly DCNS)	Director
France Industrie (Le Cercle de l'Industrie + GFI)	Director
CORPORATE OFFICES AND DIRECTORSHIPS OVER THE LAST FIVE YEARS THAT HAVE EXPIRED	
École des Mines de Paris	Director

* *Listed companies*

RENEWALS PROPOSED TO THE ANNUAL GENERAL MEETING

JEAN-PAUL AGON

French
Age: 61
With the L'Oréal Group since 1978, following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, as International Managing Director of Biotherm, General Manager of L'Oréal Germany, Executive Vice-President of the Asia zone, President and CEO of L'Oréal USA, Jean-Paul Agon was appointed Deputy Chief Executive Officer of L'Oréal in 2005 and then Chief Executive Officer in April 2006 and finally Chairman and CEO in 2011. A Director of L'Oréal since 2006, he is the Chairman of the Strategy and Sustainable Development Committee. Jean-Paul Agon is also Chairman of the L'Oréal Corporate Foundation and a Director of Air Liquide.

EXPIRY DATE OF TERM OF OFFICE 2018

- Professional address: L'Oréal – 41, rue Martre – 92117 Clichy Cedex
- Holds 900,000 L'Oréal shares

OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD		
French company		
Air Liquide S.A. *	Director	
Other		
L'Oréal Corporate Foundation	Chairman of the Board	
CORPORATE OFFICES AND DIRECTORSHIP OVER THE LAST FIVE YEARS THAT HAVE EXPIRED		**EXPIRY DATE OF TERM OF OFFICE**
Foreign companies		
Galderma Pharma S.A. (Switzerland)	Director	2014
L'Oréal USA Inc. USA	Director	2014

* *Listed company.*

BELÉN GARIJO

Spanish
Age: 57
Chairwoman and Chief Executive Officer of Merck Healthcare, a company bringing together all the pharmaceutical businesses of the German Merck group and a member of this Group's Executive Committee, Belén Garijo has been a Director of L'Oréal since 2014 and is a member of the Human Resources and Remuneration Committee. She is also a Director of BBVA (Spain).

EXPIRY DATE OF TERM OF OFFICE 2018

- Professional address: Merck KGAA – Frankfurter STR 250 Postcode F131/314 – 64293 Darmstadt – Germany
- Holds 1,000 L'Oréal shares

MAIN CORPORATE OFFICE HELD OUTSIDE L'ORÉAL	
Merck Healthcare (Germany)	Chairwoman and Chief Executive Officer
OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD	
Foreign company	
BBVA* (Spain)	Director
CORPORATE OFFICES AND DIRECTORSHIPS OVER THE LAST FIVE YEARS THAT HAVE EXPIRED	
None	

* *Listed company*

6

Statutory Auditors' Reports

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended December 31, 2017)

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of L'Oréal for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matter set out in Note 1, "Accounting principles", to the financial statements, which describes the change of accounting policy as a result of the first-time application as of January 1, 2017 of ANC regulation 2015-05 on forward financial instruments and hedging.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Description of risk	*How our audit addressed this risk*
Measurement of investments	
See Note 1.7 – Investments, Note 14 – Financial assets, and Note 30 – Table of subsidiaries and holdings, to the parent company financial statements	
At December 31, 2017, the carrying amount of investments recognized in the balance sheet amounted to €10,116 million, representing 67% of total assets. Investments are recognized at purchase cost excluding incidental expenses. An impairment loss is recognized if the value in use of a given item falls below its carrying amount. As described in Note 1.7 to the financial statements, the value of these items is assessed annually by reference to their value in use, which is mainly based on the current and forecast profitability of the subsidiary concerned and the share of equity owned. In order to estimate the value in use of these items, management must use judgment to project future cash flows and determine the main assumptions to be used. Given the materiality of investments in the balance sheet and the inherent uncertainty of certain components of the calculations, including the forecasts used to calculate value in use, we deemed the measurement of investments to be a key audit matter, carrying a risk of material misstatement.	We examined the methodology employed by management to estimate the value in use of investments. Our audit work consisted primarily in verifying, on the basis of the information provided to us, that the estimated values determined by management were based on an appropriate measurement method and underlying data and, depending on the investment: ◆ for valuations based on historical data: comparing the data used in the impairment tests performed on investments with the accounting data drawn from the audited financial statements of the subsidiaries concerned; ◆ for valuations based on an estimated value in use: ◆ assessing the consistency of projections of sales and margin rates with past performance and the economic and financial context; ◆ corroborating the growth rates used with analyses of the performance of the global cosmetics market, taking into account the specific features of local markets and distribution channels in which the Group operates; ◆ assessing the discount rates applied to the estimated cash flows, by comparing their inputs with external references, with the guidance of our valuation experts.
Recognition of sales - estimation of items to be deducted from sales	
See Note 1 – Accounting Principles, and 1.1 - Sales, to the parent company financial statements	
Sales incentives, discounts and product returns are deducted from sales of goods. These various deductions are recorded simultaneously to the recognition of sales, based mainly on statistics compiled from past experience and contractual conditions. We deemed estimating these amounts at the reporting date to be both difficult (due to the range of contracts and contractual conditions prevalent in the Company's different markets) and sensitive (sales are a key indicator in the assessment of the performance of the Company and its management), and to have a material impact in the financial statements. Accordingly, these estimates constitute a key audit matter given the risk that sales incentives, discounts and other incentives granted to customers (distributors or consumers) are not fully catalogued and/or properly measured and thus that net sales are not accounted for correctly or in the appropriate reporting period.	We assessed the appropriateness of the accounting policies applied by the Company with respect to the recognition of product returns, sales incentives, discounts and other incentives granted to customers, with respect to French accounting principles. We familiarized ourselves with the internal control systems implemented by the Group's commercial entities, with a view to measuring and accounting for items deducted from sales, especially at the end of the reporting period, and we tested, on a sample basis, the main controls of those systems. We also carried out substantive tests on representative samples in order to ascertain whether product returns and incentives granted to customers were being estimated correctly. Our tests consisted primarily in: ◆ assessing the appropriateness of valuation methods, in particular through a critical assessment of the assumptions used, verification of the consistency of the methods, and analysis of the unwinding of provisions from the previous year; ◆ reconciling the statistics compiled from past experience and contractual conditions with the data contained in the IT systems dedicated to the management of commercial conditions; ◆ verifying the calculation of the corresponding expenses (including the residual commitment at the end of the reporting period) and how they are recorded in the accounting system and presented in the financial statements.

Verification of the management report and of the other documents provided to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the management report with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of L'Oréal at the Annual General Meeting of April 29, 2004 for both PricewaterhouseCoopers Audit and Deloitte & Associés.

As at December 31, 2017, PricewaterhouseCoopers Audit and Deloitte & Associés were in the fourteenth year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- Evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, February 20, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Gérard Morin	Frédéric Moulin

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2017)

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of L'Oréal for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Description of risk	*How our audit addressed this risk*
Measurement of intangible assets	
See Note 7.1. – Goodwill, Note 7.2. – Other intangible assets, Note 7.3. – Impairment tests on intangible assets, and Note 4 – Other operational income and expenses, to the consolidated financial statements	
At December 31, 2017, the carrying amount of goodwill and other intangible assets recognized in the consolidated financial statements totaled €11,451 million, representing 32% of assets. These assets consist primarily of goodwill and non-amortized brands with indefinite useful life, recognized following business combinations. When an adverse event occurs, or at least once a year, the Group verifies that the carrying amount of these assets is not greater than their recoverable amount and does not present a risk of impairment (impairment test). The recoverable amount of each Cash Generating Unit (CGU) is determined on the basis of discounted operating cash flow forecasts covering a period of 10 years (the period considered necessary for the strategic positioning of an acquisition) and a terminal value. The main assumptions taken into account in the measurement of recoverable amount concern: ◆ growth in sales and margin rate; ◆ a perpetual growth rate for calculating the terminal value; and ◆ discount rates based on the weighted average cost of capital, where necessary adjusted by a country risk premium. The impairment tests performed at December 31, 2017 on the L'Oréal Beauty Device and Magic CGUs did not lead to any change in the impairment losses recognized at 31 December 2016. We deemed the measurement of these assets to be a key audit matter because of their relative materiality in the consolidated financial statements and because the calculation of their recoverable amount requires a high degree of judgment from management in terms of projecting future cash flows and determining the main assumptions to be used.	We examined the methodology for performing impairment tests. In particular, we assessed the quality of the process for drawing up and approving budgets and forecasts by management, the reasonableness of the main estimates made and, more specifically: ◆ the consistency of projections of sales and margin rates with past performance of the Group and the economic and financial context in which the Group operates; ◆ the corroboration of the growth rates used with analyses of the performance of the global cosmetics market, taking into account specific features of the local markets and distribution channels in which the Group operates; ◆ the discount rates applied to the estimated cash flows, by comparing their inputs with external references, with the guidance of our valuation experts; ◆ the analyses of the sensitivity of the recoverable amount to the key main assumptions used, as described by management in Note 7.3 to the consolidated financial statements, and to our own analyses.
Measurement of provisions for liabilities and charges and contingent liabilities	
See Note 11 – Provisions for liabilities and charges - Contingent liabilities and material ongoing disputes, to the consolidated financial statements	

Description of risk	*How our audit addressed this risk*
The Group is exposed to various risks arising in the ordinary course of its operations, particularly tax risks, industrial, environmental and commercial risks relating to operations, employee-related risks and risks related to antitrust investigations, for which provisions amounting to €1,021 million had been recorded at December 31, 2017. When the amount or due date of a liability can be estimated with sufficient reliability, provisions are recorded for these risks. When this is not the case, the Group provides disclosures on contingent liabilities in the notes to the consolidated financial statements. The contingent liabilities and material ongoing disputes diclosed in Note 11.2.1 include tax disputes in Brazil and India, which amounted to €561 million and €118 million respectively at end 2017. We deemed the determination and measurement of provisions for liabilities and charges to be a key audit matter given: ◆ the high degree of judgment required from management to determine which risks should be provisioned and to measure with sufficient reliability the amounts of these provisions; ◆ the potentially material impact of these provisions on the Group's operating profit.	In order to identify and gain an understanding of all of the existing disputes and liabilities as well as the corresponding judgments made, we conducted interviews with the Group General Management, the Legal and Tax Departments and the relevant local management teams at all levels of the organization, in France and abroad. We corroborated the list of identified disputes with: ◆ the Group's risk assessment, as presented by management to the Audit Committee; ◆ the information provided by the principal law firms acting for the Group, from which we obtained confirmations. We assessed the quality of management's estimates by comparing the amounts paid out with the provisions recorded in recent years. Regarding the most significant disputes for which a provision was recorded, with the guidance of our experts in the field, we carried out the following procedures: ◆ we examined the procedural aspects and/or the legal or technical opinions prepared by the lawyers or external experts selected by management in order to assess the merits of the decision to record a provision; ◆ on the basis of the information provided to us, we critically assessed the estimated ranges of risk level determined by the Group's lawyers and verified that the measurements used by management fall within these ranges; ◆ when appropriate, we verified the consistency of the approaches adopted for these assessments. Regarding contingent liabilities, with the guidance of our experts in the field, we examined the procedural aspects and/or the legal or technical opinions prepared by the lawyers or external experts selected by management in order to assess the merits of the decision not to record a provision. We verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Recognition of net sales – estimation of items to be deducted from sales

See Note 3 – Accounting principles – Net sales, to the consolidated financial statements

Sales incentives, discounts and product returns are deducted from sales, as are incentives granted to distributors or consumers, such as commercial cooperation, coupons, discounts and loyalty programmes. These various deductions are recorded simultaneously to the recognition of sales, based mainly on statistics compiled from past experience and contractual conditions. We deemed estimating these amounts at the reporting date to be both difficult (due to the range of contracts and contractual conditions prevalent in the Group's different markets) and sensitive (sales are a key indicator in the assessment of the performance of the Group and its management), and to have a material impact in the financial statements. Accordingly, these estimates constitute a key audit matter given the risk that product returns, sales incentives, discounts and other incentives granted to customers (distributors or consumers) are not fully catalogued and/or properly measured and thus that net sales are not accounted for correctly or in the appropriate reporting period.	We assessed the appropriateness of the accounting policies applied by the Group with respect to the recognition of product returns, sales incentives, discounts and other incentives granted to customers, with respect to IFRS. We familiarized ourselves with the internal control systems implemented by the Group's commercial entities, with a view to measuring and accounting for items deducted from sales, especially at the end of the reporting period, and we tested, on a sample basis, the main controls of those systems. We also carried out substantive tests on representative samples in order to ascertain whether product returns and incentives granted to customers were being estimated correctly. Our tests consisted primarily in: ◆ assessing the appropriateness of valuation methods, in particular through a critical assessment of the assumptions used, verification of the consistency of the methods, and analysis of the unwinding of provisions from the previous year; ◆ reconciling the statistics compiled from past experience and contractual conditions with the data contained in the IT systems dedicated to the management of commercial conditions; ◆ verifying the calculation of the corresponding expenses (including the residual commitment at the end of the reporting period) and how they are recorded in the accounting system and presented in the consolidated financial statements;

Verification of the information pertaining to the Group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of L'Oréal at the Annual General Meeting of April 29, 2004 for both PricewaterhouseCoopers Audit and Deloitte & Associés.

As at December 31, 2017, PricewaterhouseCoopers Audit and Deloitte & Associés were in the fourteenth year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, February 20, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

SPECIAL REPORT BY THE STATUTORY AUDITORS ON THE REDUCTION IN SHARE CAPITAL BY CANCELLATION OF PURCHASED SHARES

(Ordinary and Extraordinary Annual General Meeting of April 17, 2018 – Thirteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with articles L.225-204 and L.225-209 of the French Commercial Code (*Code de commerce*), which apply in the event of a share capital reduction by cancellation of shares purchased by a company, we hereby report to you on our assessment of the reasons for and terms and conditions of the planned share capital reductions.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. Those standards require that we ensure that the reasons for and terms and conditions of the planned share capital reductions, which are not considered to affect shareholder equality, comply with the applicable legal provisions.

Reduction of share capital by cancellation of shares purchased by the Company in accordance with article L.225-214 of the French Commercial Code

The proposed capital reduction relates to the cancellation of the Company's shares purchased under conditions set forth in article L.225-208 of the French Commercial Code.

The Board of Directors invites you to delegate, for a period of 26 months as of the date of this Annual General Meeting, the authority to cancel, on one or more occasions, a maximum number of 771,125 shares purchased by your Company pursuant to article L.225-208 of the French Commercial Code to cover share purchase options which currently correspond, or will correspond in the future, to options that are no longer exercisable.

We have no matters to report on the reasons for and the terms and conditions of this transaction, which will reduce the Company's share capital by a maximum amount of €154,225.

Reduction of share capital by cancellation of shares purchased by the Company in accordance with article L.225-209 of the French Commercial Code

The Board of Directors invites you to delegate, for a period of 26 months as of the date of this Annual General Meeting, the authority to cancel, on one or more occasions, with a maximum limit of 10% of the share capital as of the date of the cancellation, and within a given period of 24 months, shares purchased pursuant to an authorization for the Company to purchase its own shares in accordance with article L.225-209 of the French Commercial Code. The authorization to purchase shares is submitted for the approval of the Annual General Meeting under the twelfth resolution and would be granted for a period of 18 months.

We have no matters to report on the reasons for and the terms and conditions of the proposed capital reduction.

Neuilly-sur-Seine, February 20, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Gérard Morin	Frédéric Moulin

SPECIAL REPORT BY THE STATUTORY AUDITORS ON THE AUTHORISATION OF FREE GRANTS OF EXISTING SHARES AND/OR SHARES TO BE ISSUED TO EMPLOYEES AND EXECUTIVE OFFICERS

(Ordinary and Extraordinary Annual General Meeting of April 17, 2018 – Fifteenth resolution)

To the Shareholders,

In our capacity as the Statutory Auditors of your Company and in accordance with article L.225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed authorization to grant existing and/or newly issued shares to employees and corporate officers of L’Oréal and French or non-French entities related to that company, within the meaning of article L.225-197-2 of the French Commercial Code, or to certain categories of said employees and corporate officers, a matter submitted for your approval.

On the basis of its report, the Board of Directors invites you to authorize it, for a period of 26 months as of June 21, 2018, to grant existing and/or newly released shares on one or more occasions, within the limit of 0.6% of the share capital as at the date of the Board of Directors’ decision, it being specified that the aggregate amount of any capital increases that may be carried out under this resolution will be counted against the maximum limit for capital increases provided for in paragraph 2 of the eleventh resolution approved at the Annual General Meeting held on April 20, 2017.

It is the role of the Board of Directors to prepare a report on the proposed transaction. It is our responsibility to provide you with our observations, if any, in respect of the information provided to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying in particular that the proposed terms and conditions of the transaction described in the Board of Directors' report comply with the applicable legal provisions.

We have no matters to report on the information provided in the Board of Directors' report, with respect to the proposed authorization to grant shares.

Neuilly-sur-Seine, February 20, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL RESERVED FOR MEMBERS OF AN EMPLOYEE SAVINGS SCHEME

(Ordinary and Extraordinary Annual General Meeting of April 17, 2018 – Sixteenth resolution)

To the Shareholders,

In our capacity as the Statutory Auditors of your Company and in accordance with articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares or securities giving access to the Company's share capital, with cancellation of preferential subscription rights, reserved for employees, corporate officers and eligible former employees of your Company and of French and foreign entities related to that company within the meaning of article L.225-180 of the French Commercial Code and of article L.3344-1 of the French Labor Code (*Code du travail*), who are members of a Company employee share savings programme, a matter submitted for your approval.

This transaction is submitted for your approval in accordance with the provisions of article L.225-129-6 of the French Commercial Code and articles L.3332-18 *et seq.* of the French Labor Code.

The total number of shares that may be issued, on one or more occasions, under this delegation, may not exceed 1% of the Company's share capital as at the date of this Annual General Meeting, it being specified that the aggregate amount of the capital increases that may be carried out under this resolution and the seventeenth resolution may not exceed the maximum amount of 1% of the share capital as at the date of this Annual General Meeting, and that the amount of any capital increases that may be carried out, either immediately or in the future, under this resolution will be counted against the maximum limit for capital increases provided for in paragraph 2 of the eleventh resolution approved at the Annual General Meeting held on April 20, 2017.

On the basis of its report, the Board of Directors invites you to delegate for a period of twenty-six months as of the date of this Annual General Meeting, the authority to decide to undertake one or more share capital increases and to cancel your preferential subscription rights to the securities to be issued. The Board of Directors would be responsible for setting the final terms and conditions of any such issue.

It is the role of the Board of Directors to prepare a report in accordance with Articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of preferential subscription rights and on certain other information relating to this issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report pertaining to the transaction and the terms and conditions for setting the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of each proposed issue, we have no matters to report as regards the methods used to set the issue price of the shares to be issued as set out in the Board of Directors' report.

Since the final terms and conditions of the issue(s) have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancellation of shareholders' preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue shares or securities giving access to other securities, or issue securities giving access to securities to be issued.

Neuilly-sur-Seine, February 20, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL RESERVED FOR THE BENEFIT OF CATEGORIES OF BENEFICIARIES CONSISTING OF EMPLOYEES OF FOREIGN SUBSIDIARIES WITHIN THE SCOPE OF AN EMPLOYEE SHARE OWNERSHIP PROGRAMME

(Ordinary and Extraordinary Annual General Meeting of April 17, 2018 – Seventeenth resolution)

To the Shareholders,

In our capacity as the Statutory Auditors of your Company and in accordance with articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of authority to the Board of Directors to issue shares and securities giving access to the Company's share capital, with cancellation of preferential subscription rights, reserved for one or more categories of beneficiaries meeting the following characteristics: (i) employees and corporate officers of entities related to the Company within the meaning of article L.225-180 of the French Commercial Code and article L.3341-1 of the French Labor Code (*Code du travail*), which have their registered office outside France and/or (ii) UCITS or other entities governed by French or foreign law, whether or not they have legal personality, established for the purposes of employee share ownership programmes invested in shares of the Company whose unitholders or shareholders will consist of the persons defined in (i) or enabling the persons defined in (i) to benefit, either directly or indirectly, from an employee share ownership or Company employee share savings programme, a matter submitted for your approval.

The total number of shares that may be issued, on one or more occasions, under this delegation, may not exceed 1% of the Company's share capital as at the date of this Annual General Meeting, it being specified that the aggregate amount of the capital increases that may be carried out under this resolution and the sixteenth resolution may not exceed the maximum amount of 1% of the share capital as at the date of this Annual General Meeting, and that the amount of any capital increases that may be carried out, either immediately or in the future, under this resolution, will be counted against the maximum limit for capital increases provided for in paragraph 2 of the eleventh resolution approved at the Annual General Meeting held on April 20, 2017.

On the basis of its report, the Board of Directors invites you to delegate for a period of eighteen months as of the date of this Annual General Meeting, the authority to decide to undertake one or more share capital increases and to cancel your preferential subscription rights to the securities to be issued. The Board of Directors would be responsible for setting the final terms and conditions of any such issue.

It is the role of the Board of Directors to prepare a report in accordance with articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of preferential subscription rights and on certain other information relating to the issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report relating to the transaction and the terms and conditions for setting the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of each proposed issue, we have no matters to report as regards the methods used to set the issue price of the securities to be issued as set out in the Board of Directors' report.

Since the final terms and conditions of the issue(s) have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancelation of shareholders' preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue shares or securities giving access to other securities, or issue securities giving access to securities to be issued.

Neuilly-sur-Seine, February 20, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

(Annual General Meeting for the approval of the financial statements for the year ended December 31, 2017)

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on regulated agreements and commitments with third parties.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, as well as the reasons provided for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the performance during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted for the approval of the Annual General Meeting

A. Agreements and commitments authorized during the year

We were not informed of any agreements or commitments entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of article L. 225-38 of the French Commercial Code.

B. Agreements and commitments authorized after the year-end

We were informed of the following commitment authorized after the year-end and given prior approval by the Board of Directors.

Commitments made by the Company with regard to Jean-Paul Agon, Chairman and Chief Executive Officer, concerning defined-benefit pensions

Pursuant to article L.225-22-1 of the French Commercial Code, as amended by the French law of August 6, 2015 for growth, activity and equality of economic opportunities, the provisions of the suspended employment contract corresponding to defined-benefit pension commitments determined for the period of exercise of the corporate office are subject to the rules set forth in article L.225-42-1 of the same Code.

In accordance with the law, these provisions will apply for the first time on the re-appointment of Jean-Paul Agon as Chairman and Chief Executive Officer of the Company, which matter is to be decided by the Board of Directors immediately after the Annual General Meeting of April 17, 2018.

On February 8, 2018, the Board of Directors authorized the commitments made with regard to Jean-Paul Agon providing for the implementation for the period of exercise of the renewed term of corporate office of the provisions of his employment contract, as approved by the Annual General Meeting of April 27, 2010, corresponding to defined benefit pension commitments, which are described in chapter 2 of the management report. The Board made the increase of the conditional rights over this period subject to fulfilment of the applicable performance conditions, as assessed in the light of the performance conditions of the Company.

It is specified that pursuant to the provisions of the agreement to suspend the employment contract on defined benefit pension commitments and for the period of exercise of his new term of office:

- firstly, the calculation base of the Chairman and Chief Executive Officer's pension will be revalued on the basis of the salaries and contributions revaluation coefficient published by the French state pension fund (*Caisse nationale d'assurance vieillesse*), as presented in the second part of this report; and
- secondly, the Chairman and Chief Executive Officer will continue to accrue seniority during the renewed term of his corporate office, up to the date on which he reaches the upper limit of 40 years of service required under the scheme, namely, on September 1, 2018. No other additional annuity will be granted to him.

Pursuant to article L.225-42-1 of the French Commercial Code, the Board of Directors, acting on the recommendations of the Human Resources and Remuneration Committee, decided to tie the performance of the executive corporate officer to that of the Company, by applying the Company's performance indicators, which are also used to determine the annual variable remuneration of the executive officer.

The increase for a given financial year will therefore depend on the fulfilment of at least 80% of the performance objectives taken into account to determine the annual variable remuneration of Jean-Paul Agon. If the 80% threshold is not met, no increase will be granted for the financial year in question.

Pursuant to article L.225-42-1 of the French Commercial Code, the Board of Directors will verify compliance with the conditions it has stipulated annually and prior to the Annual General Meeting called to approve the financial statements for the last complete financial year. At this time, the Board will also determine the increase, for said financial year, of the conditional rights of the Chairman and Chief Executive Officer corresponding to defined benefit pension commitments for the period of exercise of the renewed term of corporate office.

Interest of the commitment for the Company

The Board of Directors thus decided to continue the Company's long-standing policy of not depriving employees appointed as executive officers of advantages from which they would have continued to benefit had they remained employees. This is the case of Jean-Paul Agon, who was appointed as an executive officer after 27 years of service at L'Oréal.

Agreements and commitments already approved by the Annual General Meeting

Agreement concerning Jean-Paul Agon

- Suspension of Jean-Paul Agon's employment contract during the term of his corporate office;
- Elimination of all rights to remuneration in respect of the corporate office:

In the event of departure, and depending on the reasons for such departure, Jean-Paul Agon will only be paid the termination indemnities (save for gross misconduct or gross negligence) or retirement indemnities due in the event of voluntary retirement or retirement at the Company's request pursuant to the employment contract that has been suspended. These indemnities, which are attached solely to termination of the employment contract and in strict application of the French collective bargaining agreement for the chemicals industry (*Convention collective nationale des industries chimiques*) and the company-level agreements applicable to all L'Oréal managers, are automatically due pursuant to the public policy rules of French labor law. They are not subject to any condition other than those provided for by the collective bargaining agreement or the above-mentioned company-level agreements. The same applies to the non-competition clause and the related financial consideration.

Under no circumstances may the remuneration in respect of the corporate office be taken into consideration for the calculation of the indemnities due pursuant to the collective bargaining agreement and the company-level agreements applicable to all L'Oréal senior managers.

Jean-Paul Agon will continue to benefit from the defined-benefit pension scheme currently applicable to the Group's senior managers as from his re-appointment as Chairman and Chief Executive Officer, which is to be decided by the Board of Directors following the Annual General Meeting of April 17, 2018 in accordance with the new conditions decided by your Board of Directors and presented in the first part of this report.

- Terms and conditions relating to the suspension of Jean-Paul Agon's employment contract:
  - The reference remuneration to be taken into account for all rights attached to the employment contract and in particular for the calculation of the pension under the defined-benefit scheme will be based on the amount of remuneration at the date of suspension of the employment contract in 2006, namely, fixed remuneration of €1,500,000 and variable remuneration of €1,250,000. This reference remuneration is revised annually by applying the revaluation coefficient in respect of salaries and pension contributions published by the French state pension fund (*Caisse nationale d'assurance vieillesse*). As of January 1, 2018, the fixed remuneration amounted to €1,684,500 and the variable remuneration to €1,403,750.
  - The seniority applied will cover his entire career, including his years as Chairman and Chief Executive Officer.
- Jean-Paul Agon will continue to be treated in the same way as a senior manager throughout the term of his corporate office, which allows him to benefit from the additional social protection schemes, including the employee benefit and healthcare schemes applicable to the Company's employees, as described in chapter 2 of the management report.

Neuilly-sur-Seine, February 20, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

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Request for provision of statutory documents and information [1]

ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING OF APRIL 17TH, 2018

Documents may be viewed or downloaded on the Company's Internet website:

www.loreal-finance.com

I, the undersigned:..

Surname: .... First name: ....

Address: ....

Post code: .... City: ....

The holder of: .... registered shares (insert number of shares)

And/or of ....bearer shares (insert number of shares)

Registered with [2] ....

request that the document and information provided in Articles R. 225-81 and R. 225-83 of the French Commercial Code concerning the General Meeting to be held on April 17th, 2018, be sent to me at the above address.

Signed in ...., on 2018

(1) This request is reserved for shareholders only and must be sent to L'Oréal, for the attention of the Director of Shareholder Relations, 41, rue Martre – 92117 Clichy Cedex – France. Fax: +33 1 47 56 86 42 - E-mail: info-ag@loreal-finance.com – Toll free (from France only): 0 800 66 66 66, from abroad: +33 1 40 14 80 50.

(2) Please provide precise details of the bank, financial institution or brokerage firm which is the custodian of the shares, together with a certificate showing that the person requesting the information is a shareholder at the time of his/her request.

FOR THE FULL VERSION OF THE 2017 ANNUAL REPORT

visit loreal-finance.com or L'Oréal Finance app

L'ORÉAL

Incorporated in France as a "Société Anonyme"
with registered capital of €112,103,817.60
632 012 100 R.C.S. Paris

Headquarters:
41, rue Martre
92117 Clichy Cedex – France
Tel.: +33 1 47 56 70 00
Fax: +33 1 47 56 86 42

Registered office:
14, rue Royale
75008 Paris – France

www.loreal.com
www.loreal-finance.com

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L'ORÉAL

Removable booklet

CONVENING NOTICE

ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING on Tuesday, April 17th, 2018 at 10.00 a.m.

Palais des Congrès - F-75017 PARIS

ORDINARY PART

1. Approval of the 2017 parent company financial statements
2. Approval of the 2017 consolidated financial statements
3. Allocation of the Company's net income for 2017 and setting of the dividend
4. Appointment of Mr. Axel Dumas as a Director
5. Appointment of Mr. Patrice Caine as a Director
6. Renewal of the tenure of Mr. Jean-Paul Agon as a Director
7. Renewal of the tenure of Mrs. Belén Garijo as a Director
8. Setting the amount of the annual attendance fees allocated to the members of the Board of Directors
9. Approval of the application of the defined benefit pension plan provisions of the employment contract of Mr. Agon for the duration of the renewed corporate office
10. Approval of the principles and criteria for the determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds that may be granted to the executive officers
11. Approval of the fixed and variable components of the total remuneration and benefits of all kinds paid or allocated to Mr. Jean-Paul Agon for the 2017 financial year due to his mandate as Chairman and Chief Executive Officer
12. Authorisation for the Company to buy back its own shares

EXTRAORDINARY PART

13. Authorisation granted to the Board of Directors to reduce the share capital through the cancellation of shares purchased by the Company within the scope of Articles L.225-209 and L. 225-208 of the French Commercial Code
14. Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital in order to remunerate the contributions in kind of equity securities or securities giving access to the share capital of third-party companies
15. Authorisation granted to the Board of Directors to carry out free grants of existing shares and/or shares to be issued with cancellation of shareholders' preferential subscription right to employees and executive officers
16. Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right
17. Delegation of authority to the Board of Directors in order to enable it to carry out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of the shareholders' preferential subscription right, within the scope of an employee share ownership programme
18. Amendment to the statutory provisions for declarations of threshold crossing
19. Powers for formalities

How to take part in the Annual General Meeting?

All shareholders have the right to attend the Annual General Meeting regardless of the number of shares held or their way of custody (registered or bearer shares). The right to participate in the meeting is subject to the accounting registration of the shares no later than the second working day prior to the Annual General Meeting, namely on Thursday, April 12th, 2018 at midnight (Paris local time).

PARTICIPATE IN THE ANNUAL GENERAL MEETING

You may choose between the four following methods to exercise your rights as a shareholder:

- by attending personally the meeting, using your entrance card (1) ;
- by voting by post or Internet;
- by giving proxy to the Chairman of the meeting;
- by giving proxy to anyone else.

Please note that any shareholder who has already cast a vote, applied for an entrance card or requested a certificate of participation (Article R. 225-85 of the French Commercial Code):

- can no longer choose any other method of participation in the meeting;
- has the possibility of selling all or part of his/her shares.

However, if the sale takes place before Thursday, April 12th, 2018 at midnight (Paris local time), the Company will invalidate or modify accordingly, as the case may be, the vote cast, the proxy form, the entrance card or the shareholding certificate.

QUICKER, EASIER: THE E-ENTRANCE CARD

You can opt for an electronic version of your entrance card, which can directly be downloaded on your computer. In order to do this, you need to follow the instructions shown on the last page of this booklet.

That "e-entrance card" can be seen and printed until the day of the Annual General Meeting, and must be shown during the registration process.

In accordance with Article R. 225-84 of the French Commercial Code, any shareholder who wishes to submit written questions may do so in the following manner up until the fourth working day prior to the Annual General Meeting at the latest:

- registered letter with acknowledgement of receipt requested addressed to the Chairman of the Board of Directors, 41 rue Martre – 92117 Clichy Cedex, France;
- or to the following e-mail address: info-ag@loreal-finance.com.

For holders of bearer shares, these questions must be accompanied by a certificate confirming that the shares are recorded in a shareholder's account in the holder's name.

To get to the Palais des Congrès

2, place de la Porte Maillot, 75017 Paris

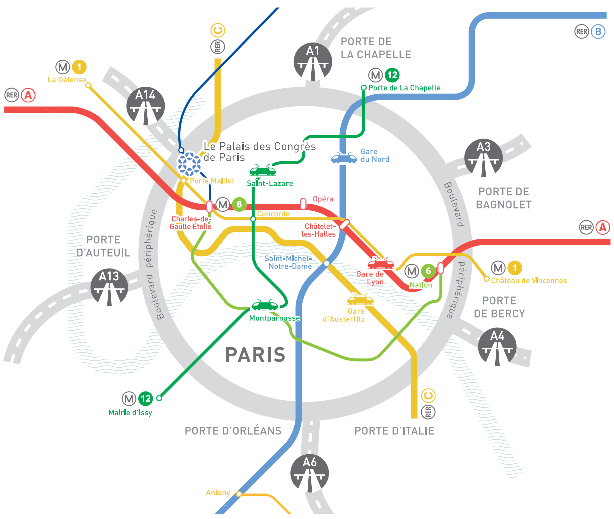
Subway: Line 1
Stop "Porte Maillot"

RER: RER C
Stop "Neuilly - Porte Maillot"

Bus: Lines PC1, PC3, Bb, 43, 73, 82, 244
Stops "Général Koenig - Palais des Congrès", "Porte Maillot - Palais des Congrès" or "Balabus - Porte Maillot"

Car: The Palais des Congrès has an underground parking

Autolib': three autolib' stations nearby



FOR ANY FURTHER INFORMATION PLEASE DO NOT HESITATE TO:

CHECK OUR WEBSITE **WWW.LOREAL-FINANCE.COM**

CONTACT THE SHAREHOLDER SERVICES DEPARTMENT ON THE FOLLOWING NUMBER WHEN CALLING FROM ABROAD: +33 1 40 14 80 50, FROM 8.45 A.M. TO 6 P.M. (PARIS LOCAL TIME) FROM MONDAY TO FRIDAY

SEND US AN E-MAIL ON: **INFO-AG@LOREAL-FINANCE.COM**

(1) *On the day of the Annual General Meeting, each shareholder must provide proof of his shareholder status and his identity during the registration process.*

Methods of participation in person, by proxy or by correspondence

YOU WISH TO PERSONALLY ATTEND THE ANNUAL GENERAL MEETING

HOLDERS OF REGISTERED SHARES:

- Tick **box A** of the form [1]. Date and sign at the bottom of the form. Return it using the free-post envelope sent with the Convening Notice;
- You will receive your entrance card by post [2].

HOLDERS OF BEARER SHARES:

- Contact the institution that is custodian of your shares indicating that you want to attend the Annual General Meeting, and ask for a certificate proving your shareholder status at the date of the request;
- The custodian will then transmit it to BNP Paribas Securities Services;
- You will receive your entrance card by post [2].

YOU WILL NOT PERSONALLY ATTEND THE ANNUAL GENERAL MEETING

FOR HOLDERS OF BOTH REGISTERED AND BEARER SHARES:

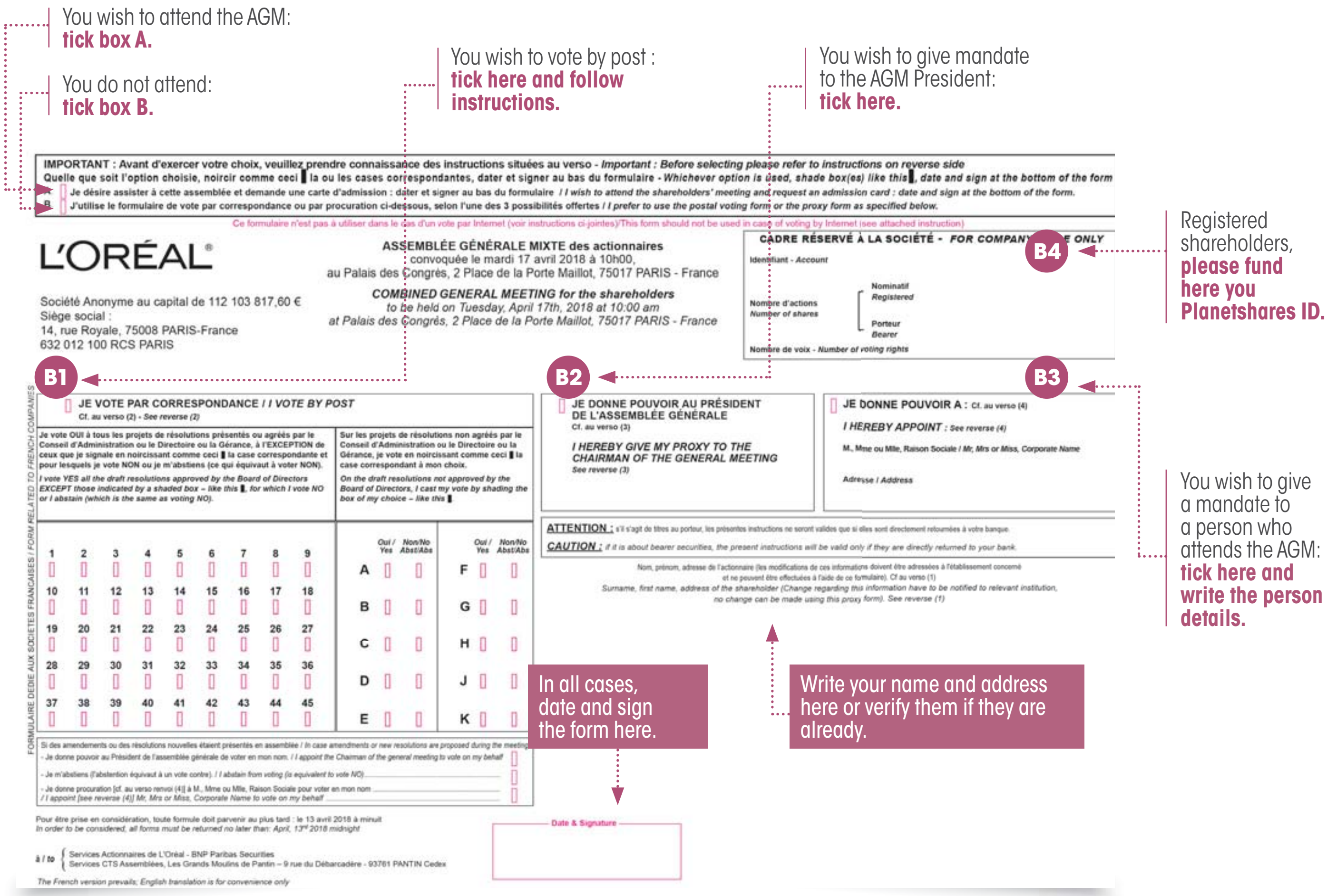
If you are not personally attending the meeting you can choose one of the three following possibilities; tick the **box B** of the voting form [1]:

- Vote by post: tick box "I vote by post" (B1) and vote following the instructions;
- Give your proxy to the Chairman of the meeting: tick the box "I hereby give proxy to the Chairman of the meeting" (B2). In that case, a vote in favor of adopting resolutions submitted or approved by the Board of Directors, and a vote against adopting any other draft resolutions will be issued [3];
- Give your proxy to someone else: tick the box "I hereby appoint" (B3) and give the name of the person appointed as your proxy who will be present at the meeting [3].

UNDER NO CIRCUMSTANCES SHOULD THIS VOTING BE RETURNED TO L'ORÉAL.

In order for this voting form to be considered, whatever option you have chosen, it has to be:

- Duly dated and signed in the «Date & Signature» box;
- Received by the Department Assemblées Générales of BNP Paribas Securities Services, at the following address: BNP Paribas Securities Services, CTS Service Assemblées Générales, Les Grands Moulins de Pantin, 9 rue du Débarcadère, 93761 Pantin Cedex, France, no later than Friday, April 13th, 2018.



(1) For holders of registered shares, the voting form is sent automatically with the convening notice. For holders of bearer shares who have not received the voting form, all requests have to be addressed to the institution that is custodian of your shares who will then transmit both the shareholding certificate and the postal voting form to BNP Paribas Securities Services.

(2) If you have not received your entrance card by the second day prior the Annual General Meeting, namely Friday, April 13th, 2018, please ask your custodian institution for a shareholding certificate. If you are a holder of registered shares, you can go right to the Annual General Meeting (without a shareholding certificate).

(3) In accordance with the provisions of Article R. 225-79 of French Commercial Code, it is possible to revoke a proxy who has previously been appointed. Please see the section entitled "Appointment and revocation of a proxy" on the following page of this document for further information.

Methods of participation via Internet

YOU ARE A DIRECTLY REGISTERED SHAREHOLDER:

Log in to the Planetshares website: https://planetshares.bnpparibas.com, which will be open from March 26th until April 16th, 2018, **3 p.m.** using the identification number and password which have been provided to you and which you usually use to consult your account. Then follow the instructions appearing on the screen.

YOU ARE A REGISTERED SHAREHOLDER AND YOUR SHARES ARE MANAGED BY A FINANCIAL INTERMEDIARY:

If you want to vote via internet, look at your paper voting form, enclosed with this brochure containing notice of the Annual General Meeting, which contains your identifier in the top right-hand corner.

This identifier will enable you to access the Planetshares website: https://planetshares.bnpparibas.com, open from March 26th until April 16th, 2018, **3 p.m.**

If you do not have your password, you should ask for it by clicking as follows : "Forgotten or not received password?"

Then follow the instructions appearing on the screen to obtain your password to connect to the site.

YOU ARE A HOLDER OF BEARER SHARES:

You can use the "Votaccess" service to vote via Internet (if the financial intermediary managing your shares offers this service).

To access the "Votaccess" service, which will be available from March 26th, 2018 until the day before the Annual General Meeting, namely until April 16th, 2018 at **3 p.m.**, connect to your financial intermediary's "stock market" ("Bourse"). Then follow the instructions appearing on the screen.

From then on, and regardless of the way of custody of your shares, you can:

- vote by Internet;
- give your proxy to the Chairman of the meeting or to anyone else (1);
- ask for your "e-entrance card" to personally attend the meeting. You will have the possibility to download your entrance card directly on your computer;
- request your entrance card be sent to you by post.

A FEW TIPS:

- To prevent overloading of the dedicated secure website, it is recommended not to wait until the day before the Annual General Meeting to vote.
- If you vote via Internet, do not return the participation form for postal voting.

Reminder for holders of registered shares:

The "Votaccess" service will be open from March 26th until April 16th, 2018, at **3 p.m.** and accessible by clicking on the option "Participate in the Annual General Meeting" on the website home page.

APPOINTMENT AND REVOCATION OF A PROXY FOR THE ANNUAL GENERAL MEETING

Article R. 225-79 of the French Commercial Code now makes it possible to revoke a proxy who has previously been appointed. The proxy given for an Annual General Meeting can be revoked in the same forms as are required to appoint the proxy.

BY POST:

The person giving the proxy must send the service Assemblées Générales (Annual General Meetings Department) of BNP Paribas Securities Services a letter giving the name of the Company and the date of the Annual General Meeting, the surname, first name, address and registered share account number (or bank account details for bearer shareholders) of the person giving the proxy where applicable and the surname, first name and, if possible, the address of the proxy.

Holders of bearer shares must mandatorily ask the institution that is the custodian of their shares to send written confirmation to the service Assemblées Générales, BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin 9 rue du Débarcadère – 93761 Pantin Cedex.

Appointments or revocations of proxies sent in on paper must be received no later than 3 calendar days prior to the date of the Annual General Meeting, namely at the latest Friday, April 13th, 2018.

ONLINE:

DIRECTLY REGISTERED SHAREHOLDER OR REGISTERED SHAREHOLDER WHOSE SHARES ARE MANAGED BY A FINANCIAL INTERMEDIARY:

The shareholder will have to make his request on PlanetShares website: https://planetshares.bnpparibas.com by logging in with his/her usual identifiers and password. On the home page, he/she will have to click on «Participate in the Annual General Meeting», then follow the indications shown on the screen.

BEARER SHAREHOLDER:

If the financial intermediary is connected to Votaccess:

The shareholder will have to log in to his/her financial intermediary's "Stock market" ("Bourse") portal and access his/her securities account or share savings account in order to access the "Votaccess" portal. Then follow the instructions appearing on the screen.

If the financial intermediary is not connected to Votaccess:

- the shareholder will have to send an email to the following address: **paris.bp2s.france.cts.mandats@bnpparibas.com.** This email must mandatorily contain the following information: name of the Company and date of the Annual General Meeting, last name, first name, address, bank account details of the person granting the proxy and the last name, first name and, if possible, the proxy's address;
- the shareholder will mandatorily have to ask the financial intermediary which manages his/her securities account to send written confirmation to the Service **Assemblées Générales of BNP Paribas Securities Services** – CTS Assemblées Générales – Grands Moulins de Pantin – 9 rue du Débarcadère – 93761 Pantin Cedex.

Only notifications of appointment or revocation of proxies may be sent to the above-mentioned e-mail address and any request or notification made to this address for another purpose will not be taken into consideration and/or processed.

In order for appointments or revocations of proxies made by e-mail to be validly taken into consideration, the confirmations must be received at the latest on the day before the Annual General Meeting, namely on Monday, April 16th, 2018 at **3 p.m.** (Paris local time).

(1) Article R. 225-79 of the French Commercial Code makes it possible to appoint a proxy on line. For further information please see the section entitled "Appointment and revocation of a proxy for the Annual General Meeting" of this document.