

Publication of the authorisation of the L'Oréal Board of Directors of 8 February 2018 concerning the commitments made by the Company with regard to the Chairman and Chief Executive Officer pursuant to Articles L. 225-22-1, L. 225-42-1 and R. 225-34-1 of the French Commercial Code

Under the terms of a decision dated 8 February 2018, made pursuant to Article L. 225-22-1 of the French Commercial Code, the Board of Directors of the Company has authorised the commitments made with regard to the Chairman and Chief Executive Officer providing for the implementation for the period of exercise of the renewed term of corporate office of the provisions of the employment contract of Mr Jean-Paul Agon, as approved by the Annual General Meeting of 27 April 2010, corresponding to defined benefit pension commitments.

Pursuant to Article L 225-22-1 of the French Commercial Code, as amended by the French Law of 6 August 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 scheme provided for by Article L 225-42-1 of the French Commercial Code.

These legal provisions apply for the first time on the renewal of the term of office as Chairman and Chief Executive Officer of Mr Jean-Paul Agon, on which the Board of Directors will rule at the end of the Annual General Meeting of 17 April 2018.

It should be noted that, in application of the provisions of the employment contract suspension agreement corresponding to defined benefit pension commitments, for the period of exercise of this new term of office, the Chairman and Chief Executive Officer will benefit from:

- firstly, the revaluation of the calculation base of his pension on the basis of the salaries and contributions revaluation coefficient published by the French State Pension Fund, and
- secondly, the taking into account of the length of service corresponding to the years of exercise of the renewed term of corporate office, up to the date on which Mr Jean-Paul Agon will reach the ceiling of 40 years of service provided for under the scheme, that is 1st September 2018. No other additional annuity will be granted to him.

Performance conditions

The Board makes the increase of the conditional rights over this period subject to achievement of the performance conditions, as assessed in the light of the performance conditions of the Company.

Pursuant to Article L 225-42-1 of the French Commercial Code, the Meeting of the Board of Directors of 6 December 2017, on the recommendations of the Human Resources and Remuneration Committee, decided to take into account the same performance as adopted for determining the annual variable remuneration of the executive officer.

The increase for a financial year will therefore depend on the achievement of at least 80% of the performance objectives taken into account to determine the annual variable remuneration of Mr Jean-Paul Agon. If the 80% threshold is not achieved, 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 annually, before the holding of the Ordinary Annual General Meeting called upon to approve the financial statements for the last financial year, compliance with the conditions it has stipulated and will determine the increase, for the 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 agreement for the Company

The Board of Directors has thus decided to continue the policy that has always been applied in the Company, i.e. not to deprive employees who are appointed as executive officers, with more than 15 years of service when they are appointed, of advantages they would have continued to benefit from if they had remained employees. This is the case of Mr Jean-Paul Agon, who was appointed as an executive officer after 27 years of service at L'Oréal.

By authorising this agreement, the Board of Directors will submit for approval to the Annual General Meeting of 17 April 2018, for the period of the renewed term of office, the application of these provisions of the suspended employment contract on the calculation of the defined benefit pension rights of Mr Agon.

"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site www.loreal-finance.com.

This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

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