

This is a free translation into English of the answers given by the Board of Directors to questions asked by shareholders issued in the French language and is provided solely for the convenience of English-speaking readers.

1. Questions from Mr Pierre Legros:

Question 1

In previous years, provisions were set aside to cover the tax risk linked to a partial lack of billing of management fees or other fees to foreign subsidiaries. Do you still cover this tax risk, and, if so, how much have you set aside?

Like all major corporations, L'Oréal is regularly audited in France and abroad, in countries where we operate. In accordance with applicable regulations, we therefore provision whenever we feel there is a potential tax risk, just as we set aside reserves for other types of risk. As I'm sure you can appreciate, in the interests of the company and as per standard practice, we do not to release details of provisions for specific risks.

Question 2

Following on from the previous question, does this amount allow for the fact that payment of back taxes can span a 10-year period? Have you set aside provisions in excess of €350 million?

Our provisions naturally allow for estimated risks over the relevant period, including statutes of limitations, which differ from one country to the other. Of the €1,679.5 million in total provisions on 31 December 2020 (please see page 253 of the 2020 Universal Registration Document for details), an amount of €397.9 million was set aside to cover tax risks for the Group as a whole, across all countries in which we operate..

Question 3

Did provisions on 31 December 2020 cover a partial lack of billing of management fees (or other fees) to foreign subsidiaries in the 2020 financial year? If so, how much was set aside?

As we stated in answer to the previous question, tax provisions for the Group across all countries in which it operates totalled €397.9 million on 31 December 2020. To reiterate again, in the interests of the company, as per standard practice, we do not to release details of provisions for specific risks.

Question 4

Did the auditors issue an unqualified opinion? If not, what were their opinion?

The statutory auditors reviewed the Group's provisions for each type of risk. This year, as in previous years, they gave an unqualified certification (*certification sans réserve*). You will find the statutory auditors' report on the consolidated financial statements for the year ended 31 December 2020 on page 312 of the 2020 Universal Registration Document. Their report on the financial statements of the parent company is shown on page 343.

Question 5

The company was subject to a tax adjustment in the region of €1 billion for its French subsidiaries, with a corporate tax payment estimated at around one third that amount. Has L'Oréal taken the steps allowed under tax treaties to avoid double taxation: once in the country to which profits were transferred (as a result of differences in selling prices, for example) and once in France? If not, why?

We answered questions on this matter last year. As stated in the company press release on 20 September 2019, the agreement with the French tax authorities led to an exceptional charge of €320 million over five years, representing €64 million a year for the L'Oréal subsidiaries in question—Lancôme Parfums & Beauté, Cosmétique Active International and Prestige & Collections International. These companies implemented the measures agreed on with the French tax authorities. In 2020, the Group also joined the “tax partnership” initiative as part of a “trust-based relationship” with the French authorities. To reiterate, in the interests of the company, we do not to release details of specific arrangements with the tax authorities.

2. Questions from the Forum pour l'Investissement Responsable

Environment

- 1. What is your planned capital expenditure leading up to 2025 to meet the targets of the Paris Agreement? How does this capex break down across the entire value chain, from spending on maintenance to spending on growth? What is the geographic breakdown?**

The Group has a long-standing commitment to environmental and social causes and is making significant human and financial investments. The programmes in question have an impact on all company's activities and affect all our business segments and regions. Some aspects are obviously governed by confidentiality considerations, but we can disclose that the Group's capex totalled €972.4 million in 2020. We do not provide capex forecasts in the medium term.

- 2. How do you limit the impact of biodiversity loss on your future revenue streams? Could you tell us which indicators and means you employ?**

L'Oréal has pledged to respect “Planetary Boundaries”—i.e. what the planet can withstand, as defined by environmental science—using Science Based targets to measure and reduce our impact on ecosystems. With the help of independent experts, we have calculated the biodiversity impact of our businesses on natural ecosystems (“Ecosystems Occupancy”) using an innovative method of impact assessment. We use around 1,600 raw materials sourced from nearly 350 plant species. We believe biodiversity is a vital wellspring of innovation and are committed to sourcing ingredients in a responsible, sustainable manner. Our commitments under the L'Oréal for the Future programme leading up to 2030 are detailed on pages 153 and 177 of the 2020 URD.

3. How do you anticipate the increasing scarcity of certain natural resources and related problems in sourcing key ingredients? How does this affect your business models and how are you securing your supply chains?

L'Oréal is unerringly focused on sourcing its raw materials in a manner that ensures quality and sustainable resources.

Since 2005, L'Oréal's Research Department has striven to adopt an approach aimed at securing its sourcing channels for the future to rise to the challenges of sustainable biodiversity use, within the framework of the Nagoya Protocol. To that end, the Group prioritizes the use of renewable raw materials and ensures they are responsibly sourced. For more than 10 years, green chemistry, aimed at preventing upstream pollution and combatting the use and contamination of the environment at source, has been a catalyst for L'Oréal's sustainable innovation policy.

This approach has already produced results through the Sharing Beauty With All programme, which are detailed on pages 230 and 231 of the 2020 Universal Registration Document. Our commitments leading up to 2030 under the L'Oréal for the Future programme are outlined from page 153 onwards.

Social

4. Solidarity between economic actors, large and small companies, seems crucial to curb the negative impact of the current health crisis. How has your Group adapted its sales and purchasing practices on a national and international level to support suppliers and clients adversely affected by the crisis? Do you have specific policies for micro-businesses and SMEs? Has the crisis led to structural changes in your policies in this regard?

L'Oréal made a strong commitment to support clients and suppliers by setting up a solidarity fund to help communities involved in its Solidarity Sourcing programme in partnership with local NGOs. We have provided 15 million units of hand sanitiser and more than 4.3 million product units in 40 countries. The Group has also frozen payments due from more than 100,000 clients and accelerated payments to 9,000 suppliers.

5. What have you done at Group level to manage the social impact of the massive shift to work from home since the start of the pandemic, especially in terms of dealing with psychosocial risks, sharing costs, employee satisfaction surveys, changing employee preferences, the percentage of employees working from home, etc?

From the outset of the Covid-19 crisis, L'Oréal played its role as a supportive employer and responsible company by taking steps to guarantee the health and safety of its employees in all its subsidiaries, particularly for those working from home:

- We issued instructions adapted to different environments and types of work across all Group subsidiaries.
- We developed and delivered e-learning modules.
- We provided employees with suitable equipment and facilities.
- We ensured wellness support was readily available and set up a hotline.
- We organised online group sessions to promote well-being.

The yearly survey on employees' perception of working conditions was conducted across the entire workforce in October 2020. It included a series of questions related to work from home and the impact of the pandemic.

- 6. Does your definition of a “living” wage go beyond the local minimum wage required by law? If so, what is it? How do you ensure your employees and your suppliers’ employees are paid a living wage?**

The Group ensures all employees receive at least the minimum salary set by local law or applicable collective agreements. In most countries, that means L’Oréal’s base salary is much higher than the national minimum wage. In 2020, we also launched an initiative with the help of independent experts—the Fair Wage Network—to ensure Group employees on permanent contracts receive a living wage; we have implemented the same approach with our key suppliers.

- 7. Do your profit-sharing schemes for employees in France factor in environmental and social criteria? If so, what are they? Have they changed since 1 April 2020? What is the proportion of these criteria in profit-sharing schemes? Has it changed in the past year? What percentage of employees are involved?**

For many years, L’Oréal’s policy has been to allow employees to share company profits with the aim of strengthening their feeling of belonging and their motivation. The investment vehicles offered through the Employee Savings Scheme (PEE) include several SRI funds, and employees are free to make their own choices. You will find full details of L’Oréal’s profit-sharing schemes on pages 213 to 215 of the 2020 Universal Registration Document.

- 8. Within the framework of your employee savings plan, which funds carry a responsible investment label such as CIES, Finansol, Greenfin, SRI? For each available fund, could you please clarify the label name(s), the relevant share of assets under management, and the proportion of employees to which it is offered? In addition, what is the share of Group employees in France and abroad who have access to other types of savings schemes through their company, particularly with regard to pension plans? What share of these funds is managed in a socially responsible manner and carries “quality labels”? What are they?**

Four of the six funds offered to French employees will apply for an SRI label in 2021, representing 77% of funds under management, not including L’Oréal shares. Employees who invest in L’Oréal shares in so doing support our proactive policy with respect to ESG.

Governance

- 9. Does your public reporting on tax comply with the GRI 207 standard? If so, does this reporting cover all aspects of disclosures listed in the standard; if not, which aspects have you chosen not to publish and why? If you do not use this standard, why not? And do you plan to apply it in the near future (within the next one or two years)? What other measures have you introduced, or do you plan to introduce to meet the growing demand for tax transparency from your stakeholders?**

L’Oréal’s tax policy meets the management approach disclosures of the GRI 207. The 2020 Universal Registration Document includes information about this approach to tax (GRI 207-1), along with information relative to tax governance, control and risk management (GRI 207-2), and information about stakeholder engagement and management of tax matters (GRI 207-3). L’Oréal has defined its principles of tax policy by considering the contribution of taxation as an integral part of corporate social responsibility, providing a means of making a positive contribution to the development of countries in which the Group is present.

Information on country-by-country reporting (GRI 207-4) is subject to a highly detailed tax declaration submitted to the French tax authorities, which may then share this information with their foreign counterparts. The Group declares and pays its taxes in each of the countries in which it operates and provides tax reporting in France. This declaration also includes operating data that L'Oréal does not intend to disclose to competitors who would not be subject to the same reporting requirements. As a result, L'Oréal prefers not to disclose this information.

We establish and maintain constructive relations with tax and customs authorities based on the principle of mutual respect. Where permitted to do so by governments, we have joined the cooperative compliance programmes launched by tax authorities: for example, L'Oréal entered into a "trust-based relationship" with the French tax authorities on 3 February 2020.

10. What scope do you consider for the remuneration ratios you publish? How do you assess changes in these ratios? Have these assessments led you to adapt your compensation policies? If so, how?

Remuneration ratios are based on the scope set out under French regulations: L'Oréal S.A. had 8,880 employees at the end of December 2020, representing all Group business segments (operations, logistics, sales, research, marketing, digital, and support functions).

This ratio was noticeably lower in 2020 because it reflects Mr Agon's decision to waive part of his remuneration in the spirit of solidarity, given the circumstances linked to the Covid-19 health crisis. Employee compensation has continued to rise over the past five years, including in 2020. Compensation policies take into account a wide range of factors above and beyond remuneration ratios, such as position, market practices, and performance-based compensation.

11. As regards the implementation of your Group's policy on gender equality, could you tell us: (i) The timetable and targets—met or missed—for related issues such as career, training, compensation and work/life balance at every level of responsibility? (ii) Whether this gender equality policy is applied across all Group companies in France and abroad, and if not, why? If so, what specific means do you employ to promote gender equality in countries where there are difficulties in establishing this notion of equality?

The Group has been pursuing an extremely proactive policy on gender equality over the past 15 years. This is a strategic issue for L'Oréal. Women hold 54% of 5,300 key positions. We have also been working with the EconomiX institute since 2007, and median pay gaps were cut to 0% in 2019. Outside France, the EDGE Unexplained Gender Pay Gap Methodology tool calculates and measures pay equality for 84% of the global headcount. That figure will rise to 100% in 2022. Our efforts were reflected in rankings including Equileap and the Bloomberg Gender-Equality Index for 2021.

12. How do you give shape to your lobbying practices and how do they form part of your Group's CSR strategy? Can you describe your company's chain of responsibility with regard to lobbying and institutional relations? In which cases could or should the Group's management (board of directors, supervisory board) be involved? Which aspects of your lobbying practices do you publish (public stances, allocated budgets, etc.) for each of your global markets?

As a leader in its sector, the Group regularly discusses the latest environmental and social challenges with the authorities, as well as solutions that companies like L'Oréal can bring to the table. We ensure our lobbying activities always reflect our CSR policy, with a CSR/public affairs committee in place to determine our main areas of consultation with the authorities. We have issued guidelines to our public affairs representatives around the world on how to give L'Oréal a bigger say in national public debate. We also regularly talk to public bodies to share our view of the company's role in the ecological

transition and social inclusion. Our commitment to transparency covers our lobbying activities as well as initiatives aimed at the general public through platforms like Inside our Products.

13. How exactly do you involve social partners at Group and local level to ensure your company is engaged in a fair transition? Do you plan to publish their opinions on your Vigilance Plan or your non-financial statement?

The specific views of social partners on our non-financial statement are not a matter of mandatory consultation with representative bodies.

Every year, the Management Report from the Board of Directors—which includes the Vigilance Plan and the Non-financial Statement—is presented to L'Oréal's Central Social and Economic Committee. The committee issued no specific comments on the matter in 2020. The Board of Directors has long maintained ongoing dialogue with social partners on its strategies, which include L'Oréal's non-financial commitments.