7

Annual General Meeting

This chapter sets out the draft resolutions which will be submitted to L'Oréal's Ordinary and Extraordinary General Meeting, the Board of Directors Report (" statement of reasons") on these resolutions and Statutory auditors' special report on some of these resolutions.

This meeting will be held on April 20th, 2016 at the *Palais des Congrès* in Paris.

7.1. DRAFT RESOLUTIONS AND REPORT OF THE BOARD OF DIRECTORS STATEMENT OF REASONS TO THE ANNUAL GENERAL MEETING TO BE HELD ON APRIL 20TH, 2016 (ADOPTED ON FEBRUARY 11TH, 2016)

ORDINARY PART

1. Approval of the 2015 parent company financial statements
2. Approval of the 2015 consolidated financial statements
3. Allocation of the Company's net income for 2015 and declaration of the dividend
4. Approval of the agreement between L'Oréal and Nestlé concerning the end of the Innéov joint venture
5. Appointment of Mrs. Béatrice Guillaume-Grabisch as Director
6. Appointment of Mrs. Eileen Naughton as Director
7. Renewal of the tenure as Director of Mr. Jean-Pierre Meyers
8. Renewal of the tenure as Director of Mr. Bernard Kasriel
9. Renewal of the tenure as Director of Mr. Jean-Victor Meyers
10. Renewal of the term of office of PricewaterhouseCoopers Audit as principal Statutory Audit and appointment of its substitute Statutory Auditor
11. Renewal of the terms of office of Deloitte & Associés as principal Statutory Audit and of its substitute Statutory Auditor
12. Advisory vote by the shareholders on the components of remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2015 financial year
13. Authorisation for the Company to buy back its own shares

EXTRAORDINARY PART

14. Authorisation to the Board of Directors to reduce the capital by cancelling shares purchased by the Company under Articles L. 225-209 and L. 225-208 of the French Commercial Code
15. Authorisation to the Board of Directors to make free grants to employees and executive officers of existing shares and/or of shares to be issued entailing waiver by the shareholders of their preferential subscription right
16. Delegation of authority to the Board for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right
17. Powers for formalities

7.1.1. ORDINARY PART

RESOLUTIONS 1, 2 AND 3: APPROVAL OF THE ANNUAL PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS, ALLOCATION OF THE COMPANY'S NET INCOME FOR 2015 AND DECLARATION OF THE DIVIDEND

STATEMENT OF REASONS

The Annual General Meeting is called on to approve:

- the parent company financial statements, with an income statement which shows net income of €3,055,444,351.60 for 2015, compared with €4,937,957,395.33 in 2014;
- the 2015 consolidated financial statements.

The details of these financial statements are set out in the 2015 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 €3.10 per share, representing an increase of +14.8% compared with the dividend for the previous year.

The rate of distribution of the ordinary dividend (ordinary dividend paid/net income from continuing operations excluding non-recurrent items, diluted, Group share, per share) would be 50.2% in 2015:

Year	2010	2011	2012	2013	2014
Rate of distribution	44.9%	46.3%	46.8%	48.7%	50.6%

- A preferential dividend of €3.41.

The preferential dividend will be granted to the shares held in registered form since December 31st, 2013 at the latest, and which continuously remain in registered form until the dividend payment date in 2016. The number of shares giving entitlement to such preferential dividend cannot exceed 0.5% of share capital for any one shareholder.

If the Annual General Meeting approves this proposal, the ex-dividend date for the dividends (both ordinary and preferential) will be April 29th, 2016 at zero hour (Paris time) and they will be paid on May 3rd, 2016.

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.

First resolution: approval of the 2015 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 2015 parent company financial statements, as presented, and the transactions included in these financial statements and summarised in these reports, showing net income of €3,055,444,351.60 compared with €4,937,957,395.33 for 2014.

Second resolution: approval of the 2015 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 2015 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 2015 and declaration 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 2015 financial year amounting to €3,055,444,351.60 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)	€1,756,087,291.34
Balance that will be allocated to the *Other reserves* item	**€1,299,357,060.26**

* 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 December 31st, 2015 and will be adjusted to reflect:

- the number of shares issued between January 1st, 2016 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 January 1st, 2016 and the date of payment of the dividend.

The Annual General Meeting therefore declares an ordinary dividend to be paid of €3.10 per share, the preferential dividend entitling eligible holders to a total of €3.41 per share. The preferential dividend will be granted to the shares held in registered form since December 31st, 2013 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 April 29th, 2016 at zero hour (Paris time) and they will be paid on May 3rd, 2016.

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. It is specified that, as the law currently stands, for natural persons who have their tax residence in France, the dividend is liable for personal income tax on the basis of the progressive scale of tax rates and 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:

	2012	2013	2014
Ordinary dividend per share	€2.30	€2.50	€2.70
Preferential dividend per share	€0.23	€0.25	€0.27

RESOLUTION 4: APPROVAL OF THE AGREEMENT BETWEEN L'OREAL AND NESTLE CONCERNING THE END OF THEIR INNEOV JOINT VENTURE

STATEMENT OF REASONS

On November 27th, 2014, L'Oréal and Nestlé announced their project to put an end to the activities of their joint venture Innéov which operates in the field of cosmetic nutritional supplements sold in pharmacies.

At its meeting on April 22nd, 2015, L'Oréal's Board of Directors thus authorised the signature of an agreement between L'Oréal and Nestlé in relation with the end of the activities of this joint venture. Pursuant to the terms of this agreement, it was agreed that Galderma Pharma, the Swiss dermatology laboratory that is wholly owned by Nestlé:

- will purchase assets from Innéov for €5 million including, in particular, the Innéov trademark and secondary trademarks, domain names, inventories and the shares of the subsidiary Innéov Brazil on the basis of an enterprise value with no debts or cash, plus the price of the inventories,
- will benefit from licences for certain intellectual property rights for the manufacture and marketing of Innéov's existing products and access to technology.

L'Oréal and Nestlé retain the benefit of the research and the intellectual property and the developments carried out by Innéov, that may be reused in their respective fields.

The transactions provided for were carried out in accordance with the agreement.

Inasmuch as this agreement falls within the scope of application of Article L. 225-38 of the French Commercial Code, it is submitted for the approval of the Annual General Meeting.

Fourth resolution: approval of the agreement between L'Oréal and Nestlé concerning the end of their Innéov joint venture

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 *et seq.* of the French Commercial Code, approves the agreement mentioned in such report concerning the end of the activities of the Innéov joint venture with Nestlé.

RESOLUTIONS 5, 6, 7, 8 AND 9: TENURES OF DIRECTORS

STATEMENT OF REASONS

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

1. Composition of L'Oréal's Board of Directors at December 31st, 2015

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 have a duty of acting with due care and exercise complete freedom of judgment. 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 59, 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 CEO 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 CEO 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 62, the daughter of Mrs. Liliane Bettencourt, herself the daughter of the founder of L'Oréal, Mr. Eugène Schueller, has been the Chairwoman of the family-owned holding company Téthys since January 31st, 2012 and is the Chairwoman of the Bettencourt Schueller Foundation. Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997 and a member of the Strategy and Sustainable Development Committee since 2012.

Peter Brabeck-Letmathe, age 71, of Austrian nationality, Chairman of the Board of Directors of Nestlé, has been a Director of L'Oréal and Vice-Chairman of the Board of Directors since 1997. He 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, age 67, 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 and Vice-Chairman of the Bettencourt Schueller Foundation.

Ana Sofia Amaral, age 50, 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 54, has been Chairwoman of the Board of Directors of Sodexo (since january 2016) and responsible for Research-Development-Innovation Strategy at Sodexo which she joined in 1994 after a career in the United States, in finance as a Mergers & Acquisitions advisor, then in the fashion sector as an agent for major international brands. Sophie Bellon has been a Director of L'Oréal since 2015.

Charles-Henri Filippi, age 63, is Chairman of Citigroup for France after having spent his career within the HSBC group, in which he was notably Chairman and Chief Executive Officer of HSBC France from 2004 to 2007 and Chairman of the Board of Directors in 2007 and 2008. Charles-Henri Filippi has been a Director of L'Oréal since 2007 and is a member of the Audit Committee, the Human Resources and Remuneration Committee and the Appointments and Governance Committee. He is also a Director of Orange.

Xavier Fontanet, age 67, former Chairman and Chief Executive Officer of Essilor (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 the Chairman of the Appointments and Governance Committee. He is also a member of the Supervisory Board of Schneider Electric.

Belén Garijo, age 55, 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).

Bernard Kasriel, age 69, a former Chief Executive Officer of Lafarge, has been a Director of L'Oréal since 2004, is the Chairman of the Human Resources and Remuneration Committee (until april 2016) and a member of the Strategy and Sustainable Development Committee. He is also a Director of Arkema and Nucor (United States).

Christiane Kuehne, age 60, of Swiss nationality, was the Head of the Food Strategic Business Unit at Nestlé until September 2015. Christiane Kuehne has been a member of L'Oréal's Board of Directors and a member of the Audit Committee since 2012.

Georges Liarokapis, age 53, 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 29, has been a member of the Supervisory Board of the family-owned holding company Téthys since January 2011 and is the 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 46, is the Chief Executive Officer of Eurazeo which she joined in 2008 after working for sixteen years at Lazard. She has been a Director of L'Oréal since, 2013 and is a member of the Audit Committee. She is also a Board member of Accor and a member of the Supervisory Board of Vivendi.

Louis Schweitzer, age 73, Chairman and Chief Executive Officer of Renault from 1992 to 2005 and Chairman of the Board of Directors of Renault until 2009, has been a Director of L'Oréal since 2005, and is the Chairman of the Audit Committee and a member of the Strategy and Sustainable Development Committee. He is also General Commissioner for Investment.

2. Appointment of two new Directors in 2016

The tenure of Mrs. Christiane Kuehne is due to expire at the close of the Annual General Meeting on April 20th, 2016. The Board thanks Mrs. Christiane Kuehne warmly for the quality of her contribution to its debates and decisions during the 4 years of her tenure.

In addition, Mr. Louis Schweitzer tendered his resignation from the Board of Directors effective at the close of this Annual General Meeting. This resignation has been tendered in accordance with the Internal Rules of the Board of Directors, as the 2016 Annual General Meeting follows his 73rd birthday.

The Appointments and Governance Committee reviewed the possible appointment of two new Directors that the Board of Directors has approved. The proposed appointments of Mrs. Béatrice Guillaume-Grabisch and Mrs. Eileen Naughton are submitted to the Annual General Meeting.

- Appointment of Mrs. Béatrice Guillaume-Grabisch

Further to the proposal made by Nestlé, the Board of Directors will put to the vote of this Annual General Meeting the appointment as Director of Mrs. Béatrice Guillaume-Grabisch, General Manager of Nestlé Deutschland, for a term of four years.

Mrs. Béatrice Guillaume-Grabisch, age 51, of French nationality, is a graduate of the ESSEC graduate business school. She has more than 30 years' experience in marketing and sales in various consumer goods groups, such as Colgate-Palmolive, Beiersdorf and Johnson & Johnson. Mrs. Béatrice Guillaume-Grabisch was General Manager of L'Oréal Paris Germany for five years. In 2006, she joined the Coca-Cola group, of which she became General Manager of the German subsidiary. From 2010 to 2013, Mrs. Béatrice Guillaume-Grabisch held the position of CEO of Beverage Partners Worldwide, a joint venture between Coca-Cola and Nestlé. In 2013, she joined the Nestlé group as Vice-president Europe Middle East North Africa Zone.

Since July 2015, Mrs. Béatrice Guillaume-Grabisch has been the General Manager of Nestlé Deutschland.

- Appointment of Mrs. Eileen Naughton

Mrs. Eileen Naughton, age 58, a U.S. citizen, holds an MBA in finance and marketing from the University of Pennsylvania. She began her career in the media with the Time Warner group in 1989, and was appointed General Manager of Fortune Magazine in 1994. In 1997 she became Strategy & Finance Director at Time Inc. She took on digital responsibilities for the first time one year later, when she was appointed President, Time Inc. Interactive, a position which encompassed design, editorial content, technology and management for several Internet sites including People.com, Time.com and InSlyle.com, etc. Her responsibilities included overseeing the integration of AOL, following the merger with Time Warner in 1999. From 2002 to 2005, Mrs. Eileen Naughton, President of Time Group, reoriented the magazine's advertising strategy towards digital.

Mrs. Eileen Naughton joined the Google group in 2006, as Director of Sales for the U.S. East Coast, based in New York. In 2010, she was made Managing Director, Media Strategy and Operations for the America, Europe and Asia zones, a position she held until 2014.

At Google, she is currently Vice-President and Managing Director, UK and Ireland, and is based in London.

Mrs. Eileen Naughton will provide the L'Oréal Board with the benefit of her outward-looking international perspective, her profound knowledge of the media, her digital experience, her entrepreneurial spirit and her human values.

3. Renewal of the tenure of three Directors in 2016

As the tenures as Director of Mr. Jean-Pierre Meyers, Mr. Bernard Kasriel and Mr. Jean-Victor Meyers are due to expire in 2016, the renewal of their tenures for a term of four years is submitted to the Annual General Meeting.

- Renewal of the tenure as Director of Mr. Jean-Pierre Meyers

Mr. Jean-Pierre Meyers has been a Director of L'Oréal since 1987 and Vice-Chairman of the Board of Directors since 1994. He is Chief Executive Officer and Vice-Chairman of the Supervisory Board of the family-owned holding company Téthys and Vice-Chairman of the Board of Directors of the Bettencourt Schueller Foundation.

Mr. Jean-Pierre Meyers actively contributes to the quality of the debates of the Board and committee of which he is a member: Strategy and Sustainable Development Committee, Appointments and Governance Committee and Human Resources and Remuneration Committee.

In 2015, he took part in all Board meetings and the meetings of these three committees.

- Renewal of the tenure as Director of Mr. Bernard Kasriel

Mr. Bernard Kasriel has been a Director of L'Oréal since 2004. A former Chief Executive Officer of Lafarge, he is a Director of Arkema in France and of Nucor in the United States.

Very available, assiduous and with complete freedom of judgment, Mr. Bernard Kasriel is the Chairman of the Human Resources and Remuneration Committee (until April 2016) and a member of the Strategy and Sustainable Development Committee.

Mr. Bernard Kasriel took part in all Board meetings and all meetings of the two committees of which he is a member in 2015.

- Renewal of the tenure as Director of Mr. Jean-Victor Meyers

Mr. Jean-Victor Meyers has been a Director of L'Oréal since 2012 and is a member of the Audit Committee.

He has been a member of the Supervisory Board of the family-owned holding company Téthys since January 2011. He is the Chairman of Exemplaire.

Strongly committed to his duties, in 2015 he participated in all Board and Audit Committee meetings, except for one Audit Committee meeting.

4. 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 Appointments and Governance Committee at the end of 2015 on the basis, in particular, of a study of the relationships existing between the Company and the companies in which the Directors hold offices. The Directors have no conflicts of interest. The other corporate offices and directorships held, their availability, their personal contributions and their participation in the work and discussions of the Board and its committees in 2015 were taken into consideration by the Appointments and Governance Committee to evaluate the composition and functioning of the Board.

As the two Directors representing the employees were not taken into account pursuant to the AFEP-MEDEF Code, the number of independent Directors is 7 out of 13, representing an independence rate of 54%.

This analysis was also carried out for the Directors whose proposed appointment is being put to the vote of this Annual General Meeting. It was concluded that Mrs. Eileen Naughton is independent.

This independence rate will be maintained if the Annual General Meeting votes in favour of the appointments and renewals that are being proposed to it by the Board of Directors.

5. Balanced gender representation on the Board of Directors

At December 31st, 2015, as the two Directors representing the employees are not taken into account pursuant to the AFEP-MEDEF Code, the number of women on the Board of Directors was 5 out of 13 Directors appointed by the Annual General Meeting, namely a percentage representation of women of 38.5%.

It is pointed out that, pursuant to French law, the proportion of Directors of each gender may not be lower than 40% at the end of the first Annual General Meeting after January 1st, 2017. The AFEP-MEDEF Code provides that, with regard to the representation of men and women, the objective is for each Board to reach, and maintain, a percentage of at least 40% of women within a period of six years, as from the Annual General Meeting in 2010, namely by April 27th, 2016 at the latest.

If the Annual General Meeting votes in favour of the appointment and renewals proposed to it, the number of women on the Board of Directors would be increased to 6 out of 13 Directors appointed by the Annual General Meeting, namely a percentage representation of women of 46%.

6. 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 in the Articles of Association, 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. The full list of the offices and directorships held by the Directors is set out on pages 53 *et seq.* of the Registration Document.

7. Expiry dates of terms of office

For information purposes, if the Annual General Meeting votes in favour of the renewals and appointments proposed to it in 2016, the composition of the Board committees and 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		2018	●			
Mrs. Françoise Bettencourt Meyers		2017	●			
Mr. Peter Brabeck-Letmathe		2017	●		●	●
Mr. Jean-Pierre Meyers		2020	●		●	●
Mrs. Ana Sofia Amaral	Employee director	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	Employee director	2018		●		
Mr. Jean-Victor Meyers		2020		●		
Mrs. Virginie Morgon	◆	2017		●		
Mrs. Eileen Naughton	◆	2020				

● *Chairman/Chairwoman*
● *Committee member*

Fifth resolution: appointment of Mrs. Béatrice Guillaume-Grabisch as 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 Mrs. Béatrice Guillaume-Grabisch as Director for a period of four years.

Her tenure will expire at the end of the Annual General Meeting to be held in 2020 to review the financial statements for the previous financial year.

Sixth resolution: appointment of Mrs. Eileen Naughton as 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 Mrs. Eileen Naughton as Director for a period of four years.

Her tenure will expire at the end of the Annual General Meeting to be held in 2020 to review the financial statements for the previous financial year.

Seventh resolution: renewal of the tenure as Director of Mr. Jean-Pierre Meyers

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-Pierre Meyers as Director for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2020 to review the financial statements for the previous financial year.

Eighth resolution: renewal of the tenure as Director of Mr. Bernard Kasriel

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. Bernard Kasriel as Director for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2020 to review the financial statements for the previous financial year.

Ninth resolution: renewal of the tenure as Director of Mr. Jean-Victor Meyers

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-Victor Meyers as Director for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2020 to review the financial statements for the previous financial year.

RESOLUTIONS 10 AND 11: TERMS OF OFFICE OF THE STATUTORY AUDITORS

STATEMENT OF REASONS

The terms of office of Deloitte & Associés and PricewaterhouseCoopers Audit S.A., Statutory Auditors of the Company are due to expire at the close of this General Meeting.

The Audit Committee examined the services provided by the current joint Statutory Auditors, in particular with regard to:

- the quality of the work carried out;
- the regular rotation of the two firms in the Group's entities;
- the robust quality control procedures.

The Audit Committee recommended to the Board of Directors the renewal of the two current Statutory Auditors for a further period of 6 financial years in accordance with the regulations and, in particular, with the European regulation of April 16th, 2014 on specific requirements regarding statutory audit.

The Board of Directors proposes to this Annual General Meeting that it renew the terms of office of the two present principal Statutory Auditors. It is also proposed to renew the term of office of one substitute Statutory Auditor and appoint a new substitute Statutory Auditor. The terms of office would be for a period of 6 financial years expiring at the close of the Annual General Meeting to be held to review the financial statements for the 2021 financial year.

Tenth resolution: renewal of the term of office of PricewaterhouseCoopers Audit S.A. as principal Statutory Auditor and appointment of its substitute Statutory Auditor

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 and recording the expiry of the term of office of PricewaterhouseCoopers Audit S.A., principal Statutory Auditor, and of the term of office of Mr. Yves Nicolas, substitute Statutory Auditor, decides to renew the term of office of PricewaterhouseCoopers Audit S.A. and to appoint as substitute Statutory Auditor for PricewaterhouseCoopers Audit S.A., Mr. Jean-Christophe Georghiou, domiciled at 63, rue de Villiers, Neuilly-sur-Seine (92200), for a term of 6 financial years, namely until the close of the Annual General Meeting that will review the financial statements for the financial year ending December 31st, 2021.

Eleventh resolution: renewal of the terms of office of Deloitte & Associés as principal Statutory Auditor and of its substitute Statutory Auditor

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 and recording the expiry of the term of office of Deloitte & Associés, principal Statutory Auditor, and of the term of office of Beas, substitute Statutory Auditor, decides to renew their terms of office for a term of 6 financial years, namely until the close of the Annual General Meeting that will review the financial statements for the financial year ending December 31st, 2021.

RESOLUTION 12: ADVISORY VOTE BY THE SHAREHOLDERS ON THE COMPONENTS OF THE REMUNERATION DUE OR ALLOCATED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN RESPECT OF THE 2015 FINANCIAL YEAR

STATEMENT OF REASONS

In accordance with the AFEP-MEDEF Code revised in November 2015 to which L'Oréal refers, the components of the remuneration due or allocated by the Board of Directors on the proposal of the Human Resources and Remuneration Committee to the Chairman and Chief Executive Officer, Mr. Jean-Paul Agon, with respect to the 2015 financial year, are presented to the Annual General Meeting for an advisory vote.

SUMMARY TABLES OF THE COMPONENTS OF REMUNERATION

Components of the remuneration due or allocated in respect of 2015 put to the vote

	Amount	Description
Fixed remuneration Change/2014	**€2,200,000** 0%	At its meeting on February 12th, 2015, 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.
Annual variable remuneration Ceiling	**€1,782,000** 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. **THE EVALUATION CRITERIA FOR 2015 ARE AS FOLLOWS:** • **FINANCIAL OBJECTIVES (60% of the annual variable remuneration):** • comparable sales as compared to the budget • market share as compared to the main competitors • operating profit as compared to 2014 • net earnings per share as compared to 2014 • cash flow as compared to 2014 • **EXTRA-FINANCIAL OBJECTIVES (40% of the annual variable remuneration):** • **CSR criteria**: Sharing Beauty With All programme, which defines 4 priority areas for development: - Innovating sustainably - Producing sustainably - Living sustainably - Developing sustainably • **Human Resources criteria**: - Gender balance - Talent development - Access to training • **Digital Development criteria** • **Qualitative criteria:** Company's image, Reputation, Dialogue with stakeholders, Handling of the priorities for the year. The assessment is carried out on a criterion-by-criterion basis without offsetting among the criteria. The choice of performance criteria directly correlated with the Group's performance means that confidentiality constraints need to be managed and means that it is not possible to communicate the weightings. A summary of achievements in 2015 is available on pages 94 and 95 of the Registration Document. **ASSESSMENT FOR 2015 BY THE BOARD OF DIRECTORS ON FEBRUARY 11th, 2016:** 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 €1,782,000 for 2015, namely 81% of the maximum objective, with a level of achievement of the financial and extra-financial criteria of 79% and 83.8% respectively. For reasons of confidentiality, L'Oréal does not give details of the amounts paid per criterion; the elements of assessment are set out in detail on pages 94 and 95 of the Registration Document.
Multi-annual variable remuneration	€0	N/A

Components of the remuneration due or allocated in respect of 2015 put to the vote

	Amount	Description
Exceptional remuneration	€0	N/A
Attendance fees	€0	At its meeting on November 28th, 2014, the Board of Directors took due note of the wish expressed by Mr. Jean-Paul Agon to no longer receive attendance fees in his capacity as Chairman and Chief Executive Officer.
Stock options, performance shares (and any other component of long-term remuneration)	32,000 performance shares valued at €5,167,680 (the estimated fair value according to the IFRS applied to prepare the consolidated financial statements)	Within the scope of the authorisation of the Ordinary and Extraordinary General Meeting of April 22nd, 2015 (resolution No. 9), the Board of Directors decided on the same day, 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 according to the IFRS applied for the preparation of the consolidated financial statements of one performance share (ACAs) under the April 22nd, 2015 plan is €161.49 for French tax and/or social security residents, which is the case for Mr. Jean-Paul Agon. This fair value was €104.58 on April 17th, 2014. The estimated fair value according to the IFRS of the 32,000 performance shares granted to Mr. Jean-Paul Agon in 2015 is therefore €5,167,680. 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 2016. Monitoring of the performance conditions year after year is described in detail on page 300 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, the performance of L'Oréal must be at least as good as the average growth in sales of the panel of competitors. Below that level, the grant decreases. The Board defines a threshold, which is not made public for confidentiality reasons, below which no share finally vests pursuant to this criterion. Concerning the criterion related to operating profit, a level of growth, defined by the Board, but not made public for reasons of confidentiality, 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 that 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 2015 represents: ◆ 3.72% of the total number of ACAs granted to the 1,943 beneficiaries of this same plan ◆ 3.69% of their estimated fair value according to the IFRS. In accordance with the authorisation granted by the Annual General Meeting on April 22nd, 2015, 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 instrument was granted to Mr. Jean-Paul Agon in 2015.
Benefits in kind	€0	Mr. Jean-Paul Agon benefits from the necessary material resources for performance of his term of 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, cannot be considered as benefits in kind.
Indemnity for entry into office	€0	Not applicable in as much as Mr. Jean-Paul Agon has been Chief Executive Officer since 2006 and Chairman and Chief Executive Officer since 2011.

Components of remuneration due or allocated in respect of 2015 which have previously been voted by the Annual General Meeting under the regulated agreements and commitments procedure

	Amount	Description
Termination indemnity and non-competition indemnity	Not applicable	No indemnity is due in respect of termination of the corporate office. Payment of the indemnities due under the suspended employment contract was approved by the Annual General Meeting on April 27th, 2010. Remuneration under the employment contract, to be used to calculate all the rights attached thereto, is established on the basis of the remuneration at the date of suspension of the contract in 2006, namely fixed remuneration of €1,500,000 and variable remuneration of €1,250,000. This remuneration is reviewed every year by applying the revaluation coefficient in respect of salaries and pension contributions published by the French State pension fund. As of January 1st, 2016 the fixed remuneration amounts to €1,672,500 and variable remuneration to €1,393,750. In the event of departure, and depending on the reasons, Mr. Jean-Paul Agon would only be paid the termination indemnities, except in the event of gross misconduct or gross negligence, or the retirement indemnities in the event of voluntary retirement or retirement on the Company's initiative due 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 National Collective Bargaining Agreement for the Chemical Industries and the Company-level agreements applicable to all L'Oréal's managers, are due in any event pursuant to the public policy rules of French labour law. They are not subject to any condition other than those provided for by the National Collective Bargaining Agreement for the Chemical Industries or the above-mentioned Company-level agreements. The same applies to the non-competition clause and the related financial consideration. Pursuant to the schedule of indemnities under the National Collective Bargaining Agreement for the Chemical Industries, in the event of dismissal, except in the event of gross misconduct or gross negligence, the indemnity would be capped, in light of Mr. Jean-Paul Agon's length of service, at 20 months' remuneration under the suspended employment contract. In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries, in the event of termination of the employment contract, the indemnity due in consideration of the non-competition clause would be payable every month for two years on the basis of two-thirds of the monthly fixed remuneration attached to the suspended employment contract unless Mr. Jean-Paul Agon were to be released from application of the clause. For information purposes, the cumulative amount of the indemnity provided for under the collective bargaining agreement and the indemnity in consideration of the non-competition clause which would have been due to Mr. Jean-Paul Agon had his employment contract ended on December 31st, 2015 through termination, except in the event of gross misconduct or gross negligence, would have represented an amount of less than 24 months of the fixed and variable remuneration which he received in 2015 as an executive officer.
Supplementary pension scheme	Not applicable	Mr. Jean-Paul Agon benefits, under his suspended employment contract, from the Garantie de Retraite des Membres du Comité de Conjoncture (Pension Cover of the Members of the Comité de Conjoncture) scheme closed on December 31st, 2000. The main features of this scheme, which falls under Article L. 137-11 of the French Social Security Code, are as follows: ◆ around 120 senior managers (active or retired) are concerned; ◆ the minimum length of service requirement was 10 years at the time of closure of the scheme on December 31st, 2000; ◆ the Pension Cover may not exceed 40% of the calculation basis, plus 0.5% per year for the first twenty years, then 1% per year for the following twenty years, nor exceed the average of the fixed part of the remuneration for the three years used for the calculation basis out of the seven calendar years prior to the end of the beneficiary's career in the Company. For information purposes, the estimated amount of the pension that would be paid to Mr. Jean-Paul Agon, under L'Oréal's Garantie de Retraite des Membres du Comité de Conjoncture scheme, had he been able to apply for a full-rate pension from the French social security scheme on December 31st, 2015, after 37 years' length of service at L'Oréal, would represent €1.56 million, i.e. around 39% of the fixed and variable remuneration he received as an executive officer in 2015. This information is given as an indication after estimating the main pension entitlements accrued by Mr. Jean-Paul Agon, at 65 years of age, as a result of his professional activities, according to the rules regarding the application for payment of such pensions in force at December 31st, 2015 and which may be subject to change. The amount of the pension paid to Mr. Jean-Paul Agon, under L'Oréal's Garantie de Retraite des Membres du Comité de Conjoncture scheme will in fact only be calculated on the date when he applies for all his pensions. As a reminder, the rights to the defined benefit pension are uncertain and conditional on the beneficiary ending his caree in the Company. The funding of this scheme by L'Oréal cannot be broken down individually by employee. Benefit from this scheme pursuant to the suspended employment contract was approved by the Annual General Meeting on April 27th, 2010.
Valuation of benefits of any kind	Not applicable	Mr. Jean-Paul Agon continues to be treated in the same way as a senior manager during the term of his corporate office entitling him to continue to benefit from the additional social protection schemes and in particular the employee benefit and healthcare scheme applicable to the Company's employees. The amount of the employer's contributions to these schemes totals €7,311 in 2015, including €4,850 for the defined contribution scheme, it being noted that the amount due in this respect will be deducted from the defined benefit pension in accordance with the provisions of this collective scheme. The continued possibility to benefit from this treatment was approved by the Annual General Meeting on April 27th, 2010.

Twelfth resolution: advisory vote by the shareholders on the components of the remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2015 financial year

The Annual General Meeting, consulted pursuant to the recommendation in § 24.3 of the AFEP-MEDEF Code, which is the Company's reference code pursuant to Article L. 225-37 of the French Commercial Code, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, casts a favourable advisory vote on the components of remuneration due or allocated to Mr. Jean-Paul Agon in his capacity as Chairman and Chief Executive Officer in respect of the 2015 financial year, as set out in the statement of reasons for this resolution to be found on pages *and seq.* 320 of the 2015 Registration Document.

RESOLUTION 13: AUTHORISATION FOR THE COMPANY TO BUY BACK ITS OWN SHARES

STATEMENT OF REASONS

As the existing authorisation is due to expire in October 2016, 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 back its own shares for the purpose of:

- their cancellation by a reduction in capital;
- their sale within the scope of employee share ownership programmes and their allocation to free grants of shares in favour 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 period of validity of this authorisation would be 18 months as from the date of this Annual General Meeting. The purchase price per share may not exceed €230 (excluding expenses). The authorisation would concern 10% of the capital at most, namely, for information purposes, at December 31st, 2015, 56,298,334 shares for a maximum amount of €12,948,616,820, it being stipulated that the Company may at no time hold over 10% of its own share capital.

Thirteenth 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 subject to the following conditions:

- the purchase price per share may not be greater than €230 (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 December 31st, 2015, 56,298,334 shares for a maximum amount of €12,948,616,820, it being stipulated that the Company may at no time hold over 10% of its own share capital.

In the event of any transaction affecting the Company's capital, the prices and numbers of shares indicated above will be adjusted where applicable.

The Company may buy its own shares for the following purposes:

- their cancellation by a reduction in 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 renders ineffective as from the date hereof any prior authorisation for the same purpose.

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.

7.1.2. EXTRAORDINARY PART

RESOLUTION 14: AUTHORISATION TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING SHARES PURCHASED BY THE COMPANY UNDER ARTICLES L. 225-209 AND L. 225-208 OF THE FRENCH COMMERCIAL CODE

STATEMENT OF REASONS

Concerning the authorisation given to the Board of Directors to cancel shares bought by the Company under Article L. 225-209 of the French Commercial Code:

The authorisation given to the Board of Directors in 2014 to cancel shares purchased by the Company under Article L. 225-209 of the French Commercial Code is due to expire.

It is proposed that the Annual General Meeting should give the Board a new authorisation enabling it to cancel shares, within the limits provided for by law.

This authorisation would be given for a term of twenty-six months as from the Annual General Meeting on April 20th, 2016 and would render ineffective any prior authorisation.

Concerning the authorisation given to the Board of Directors to cancel shares purchased by the Company under Article L. 225-208 of the French Commercial Code:

Certain stock options to purchase shares granted in the past can no longer be exercised as the result, for example, of their beneficiary's departure from the Company. The resolution for cancellation of the shares purchased by the Company under Article L. 225-209 of the French Commercial Code, referred to above, does not make it possible to cancel these shares as the legal treatment applicable to their cancellation is different.

The authorisation given to the Board of Directors in 2014 to cancel the corresponding shares, purchased by the Company under Article L. 225-208 of the French Commercial Code, is due to expire.

It is proposed, within the limit of a maximum of 750,000 shares, representing a maximum reduction in the share capital of €150,000, that the shares corresponding to stock options to purchase shares that may no longer be exercised should be allocated to the policy of cancellation currently being conducted by the Board of Directors.

This authorisation would be given for a term of twenty-six months as from the Annual General Meeting on April 20th, 2016 and would render ineffective any prior authorisation.

Fourteenth resolution: authorisation to the Board of Directors to reduce the share capital by cancelling shares purchased by the company under 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 Statutory Auditors' Special Report:

- 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 held by the Company pursuant to Article L. 225-209 of the French Commercial Code, within the limit of 10% of the capital as of the date 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 750,000 shares purchased by the Company on the basis of Article L. 225-208 of the French Commercial Code to cover stock options to purchase shares which currently correspond, or will correspond in future, to options that are no longer exercisable.

Full powers are given to the Board of Directors, with the possibility for it to delegate, to:

- reduce the share capital by cancelling shares;
- decide on the final amount of the reduction in the share capital;
- set the methods and record the completion of such reduction;
- allocate the difference between the book value of the shares cancelled and their par value to all reserves and available share premiums;
- amend the Articles of Association accordingly;
- and more generally, carry out all formalities and do all that is necessary to implement this resolution.

These authorisations are granted for a period of twenty-six months as from the date of this Annual General Meeting and render ineffective as of the date hereof any prior authorisation granted for the same purpose.

RESOLUTION 15: AUTHORISATION TO THE BOARD OF DIRECTORS TO MAKE FREE GRANTS TO EMPLOYEES AND EXECUTIVE OFFICERS OF EXISTING SHARES AND/OR SHARES TO BE ISSUED ENTAILING WAIVER BY THE SHAREHOLDERS OF THEIR PREFERENTIAL SUBSCRIPTION RIGHT

STATEMENT OF REASONS

It is proposed to the General Meeting to renew early its autorisation to make free grants grants of shares to the Group's employees and to certain of its executive officers which was due to expire in 2017.

The grants of shares will thus be able to benefit from the new system with regard to free shares that applies to grants made pursuant to a resolution of an Annual General Meeting adopted after publication of law No. 2015-990 of August 6th, 2015 for growth, activity and equal economic opportunities, known as the "Macron law".

Within the scope of this authorisation, the number of free shares that could be granted may not represent more than 0.6% of the share capital on the date of the decision by the Board of Directors. The maximum nominal amount of the increases in capital carried out on the basis of this authorisation would be deducted from the amount of the overall ceiling provided for in paragraph 2) of the eighth resolution voted by the Annual General Meeting on April 22nd, 2015.

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 during that same financial year.

Pursuant to Article L. 225-197-1 of the French Commercial Code which results from the Macron law, the free grant of shares to beneficiaries may become final and binding, subject to satisfaction of the other conditions set at the time of grant, including in particular the condition of presence in the Company, for all or part of the shares granted:

- either at the end of a minimum vesting period of two years, and in such case without any minimum holding period;
- or at the end of a minimum vesting period of one year, it being specified that the beneficiaries will then be required to hold these shares for a minimum period of one year after the date of final vesting thereof.

The Board of Directors proposes that, in any event, the minimum vesting period must be at least four years. The Board of Directors will have the possibility, in all cases, to set a longer vesting period than this minimum period or to provide for a holding period.

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

The Board of Directors will determine the identity of the beneficiaries of the free grants of shares, the number of shares granted to each of them and the performance conditions to be met for the final vesting of all or part of the shares.

These performance conditions would take into account:

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

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

The Board of Directors considers that these two criteria, assessed over a long period of 3 financial years and applied to several plans, are complementary, in line with the Group's objectives and specificities and should make it possible to promote balanced, continuing growth over the long term. They are challenging but remain a source of motivation for beneficiaries.

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

In order for all the free shares granted to finally vest for the beneficiaries at the end of the vesting period pursuant to the criterion related to operating profit, a level of growth defined by the Board, but not made public for reasons of confidentiality, must be met or exceeded. Below that 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 the individual grants of more than 200 free shares per plan, with the exception of those to the executive officers and the Executive Committee members, to which they will apply in full.

The free grant of shares may be carried out without any performance condition within the scope of grants that would be made to all the employees of the Group, or for shares granted in respect of cash subscriptions made within the scope of an increase in capital reserved for the Group's employees pursuant to the sixteenth resolution.

Any grants of shares to the executive officers will be decided by the Board of Directors on the basis of the proposals of the Human Resources and Remuneration Committee, after assessment of their performance.

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

An executive officer may not be granted free shares at the time of termination of his duties.

The authorisation requested from the Annual General Meeting would be granted for a period limited to 26 months as from the decision by the Annual General Meeting.

Fifteenth resolution: authorisation to the Board of Directors to make free grants to employees and executive officers of existing shares and/or of shares to be issued entailing waiver by the shareholders of their preferential subscription right

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 Statutory Auditors' Special Report, in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code:

- authorises the Board of Directors to make, on one or more occasions, to employees and executive officers of the Company and of French and foreign affiliates as defined by Article L. 225-197-2 of the French Commercial Code or certain categories of such employees or executive officers, free grants of existing shares or shares to be issued of L'Oréal;
- sets at 26 months as from the date of this Annual General Meeting, the period of validity of this authorisation which may be used on one or more occasions;
- decides that the number of free shares thus granted may not represent more than 0.6% of the share capital determined at the date of the decision made by the Board of Directors, it being specified that this maximum number of shares, either existing or to be issued, does not take into account the number of additional shares that may be allocated due to an adjustment in the number of shares granted initially as the result of a transaction affecting the Company's capital;
- decides that the maximum nominal amount of the increases in share capital carried out on the basis of this authorisation will be deducted from the amount of the overall ceiling provided for in paragraph 2) of the eighth resolution voted at the Annual General Meeting on April 22nd, 2015;
- decides that the number of free shares granted to executive officers of the Company during a financial year pursuant to this resolution may not represent more than 10% of the total number of free shares granted during a financial year pursuant to this resolution;
- decides that the Board of Directors will determine the identity of the beneficiaries of the grants, and the number of free shares granted to each of them as well as the conditions to be met for the grant to finally vest, and in particular the performance conditions, it being stipulated that the free grant of shares may be carried out without any performance condition within the scope of a grant made (i) to all the employees and executive officers of L'Oréal and, where applicable, of its French or foreign affiliates, as defined by Article L. 3332-14 of the French Labour Code or Article 217 *quinquies* of the French Tax Code, or (ii) to employees and executive officers of foreign companies subscribing to an increase in capital carried out pursuant to the sixteenth resolution of this Annual General Meeting or participating in an employee share ownership transaction through the sale of existing shares or (iii) to employees who are not members of the Executive Committee for at most 200 of the free shares that are granted to them within the scope of each of the plans decided by the Board of Directors;
- decides (i) that the grant of such shares to the beneficiaries thereof will become final and binding, subject to satisfaction of the other conditions set at the time of grant, for all or part of the shares granted, at the end of a minimum vesting period of four years and (ii) that the Board of Directors will be able to set a holding period for the shares that are definitively allocated, of which it will set the duration, where applicable;
- 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 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 classification in the above-mentioned categories under the French Social Security Code;

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- authorises the Board of Directors to make, where applicable, during the vesting period, adjustments to the number of shares, related to any potential transactions with regard to the Company's share capital within the meaning of Article L. 225-181 of the French Commercial Code, in order to preserve the rights of the beneficiaries;
- records that this authorisation automatically entails, in favour of the beneficiaries of free shares granted, the waiver by the shareholders of their preferential subscription right and the portion of the reserves which, where applicable, will be used in the event of the issue of new shares;
- delegates full powers to the Board, with the possibility to delegate within the legal limits, to implement this authorisation.

RESOLUTION 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

STATEMENT OF REASONS

The authorisation granted to the Board of Directors to make free grants of shares to be issued gives rise to a corresponding obligation to submit to the Annual General Meeting a draft resolution enabling a potential capital increase to be carried out reserved for employees who are members of an employee savings scheme.

In accordance with the French Labour Code, 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. It also may not be over 20% lower than 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 of 20%, in particular to take into account legal and tax regimes applicable in the countries of residence of certain beneficiaries of the capital increase.

The Annual General Meeting is therefore asked to delegate to the Board of Directors the authority to decide to carry out the increase in capital of the Company on one or more occasions, for a period of 26 months and within the limit of 1% of the share capital, namely for information purposes at December 31st, 2015 through the issue of 5,629,833 new shares. The amount of the increase or increases in capital that may be carried out in this respect would be deducted from the overall ceiling for increases in capital provided for in paragraph 2) of the eighth resolution voted at the Annual General Meeting on April 22nd, 2015.

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

- 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 a company savings scheme;
- 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 a company savings scheme, the preferential subscription right of shareholders 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 in accordance with 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 *Autorité des Marchés Financiers*, or any other collective body authorised by the regulations;
- sets the period of validity of this delegation at 26 months as from the date of this Annual General Meeting, and records that this delegation renders ineffective any prior delegation for the same purpose, for the unused part thereof;
- 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 December 31st, 2015, an increase in the share capital by a maximum nominal amount of €1,125,966 through the issue of 5,629,833 new shares);

- decides that the amount of the increases in capital that may be carried out pursuant to this resolution will be deducted from the overall ceiling for increases in capital provided for in paragraph 2) of the eighth resolution voted at the Annual General Meeting on April 22nd, 2015;
- 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 twenty 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;
- decides, pursuant to Article L. 3332-21 of the French Labour Code, that the Board of Directors may 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;
- 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 appropriate 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 or capital increases made pursuant to this delegation of authority and amend the Articles of Association accordingly.

RESOLUTION 17: 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.

Seventeenth 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.

7.2. STATUTORY AUDITORS' REPORTS

7.2.1. STATUTORY AUDITORS' SPECIAL REPORT ON THE AUTHORISATION FOR THE FREE GRANT OF EXISTING SHARES AND/OR SHARES TO BE ISSUED TO EMPLOYEES AND EXECUTIVE OFFICERS OF THE COMPANY

(Annual General Meeting of April 20th, 2016 - Fifteenth resolution)

This is a free translation into English of the Statutory Auditors' special report issued in Frenchand is provided solely for the convenience of English speaking readers.This report should be read in conjunction with, and construed in accordance with, French lawand professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with Article L.225-197-1 of the French Commercial Code (*Code de Commerce*), we have prepared this report on the proposed free granting of existing shares and/or shares to be issued to employees and executive officers of L'Oréal and French and foreign affiliates as defined by Article L.225-197-2 of the French Commercial Code, or to certain categories of employees and executive officers, a transaction on which you are asked to vote.

On the basis of its report, the Board of Directors asks you to authorize, for a period of twenty-six months commencing the day of this Annual General Meeting, the free granting on one or more occasions of existing shares and/or shares to be issued. The total number of shares likely to be granted may not exceed 0.6% of the Company's share capital existing as of the date of decision of the Board of Directors, it being specified that the total share capital increases likely to be carried out under this resolution shall be allocated to the overall limit stipulated in the eight resolution voted the Annual General Meeting held on April 22, 2015.

It is the role of the Board of Directors to prepare a report on the transaction which it wishes to conduct. It is our role, where necessary, to comment on the information which is communicated to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying that the proposed terms and conditions presented in the Board of Directors' report comply with the provisions provided for by law.

We have no comments to make on the information given in the Board of Directors' report relating to the proposed free granting of shares.

Neuilly-sur-Seine, February 17th, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit Gérard Morin	Deloitte & Associés Frédéric Moulin

7.2.2. STATUTORY AUDITORS' SPECIAL REPORT ON THE ISSUE OF SHARES AND SECURITIES GIVEN ACCESS TO THE COMPANY'S SHARE CAPITAL RESERVED FOR EMPLOYEES OF THE COMPANY

(Annual General Meeting of April 20th, 2016 – Sixteenth resolution)

This is a free translation into English of the Statutory Auditors' special report issued in Frenchand is provided solely for the convenience of English speaking readers.This report should be read in conjunction with, and construed in accordance with, French lawand professional auditing standards applicable in France.

To the Shareholders,

In our capacity as 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 present you with our report on the proposal to delegate to the Board of Directors the authority to carry out, on one or more occasions, the issue of shares or securities giving access to the Company's share capital with cancellation of preferential subscription rights, such increase being reserved for employees, executive officers and eligible former employees of your Company and French and foreign affiliated companies, as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (*Code du Travail*), who are members of a L'Oréal Group corporate savings scheme, a transaction on which you are asked to vote.

This proposed share capital increase is submitted to you for approval pursuant to Articles L. 225-129-6 of the French Commercial Code and Article L. 3332-18 *et seq.* of the French Labor Code.

The total number of shares likely to be issued, on one or more occasions, pursuant to this delegation, cannot exceed 1% of the Company's share capital existing as of the date of this Annual General Meeting, it being specified that the total share capital increases likely to be carried out under this resolution shall be allocated to the overall limit stipulated in the eighth resolution of the Annual General Meeting held on April 22, 2015.

On the basis of its report, the Board of Directors asks you to delegate, for a period of twenty-six months commencing the day of this Annual General Meeting, the authority to decide one or several share capital increases and to cancel your preferential share subscription rights to the shares to be issued. Where appropriate, the Board of Directors shall set the final terms and conditions of the share capital increases.

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 role to comment on the fair presentation of financial data taken from the accounts, on the proposed cancellation of your preferential subscription rights and on certain other information concerning the issue, presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying the content of the Board of Directors' report in respect of this transaction and the terms and conditions for determining the share issue price.

Subject to the subsequent review of the terms and conditions of each share capital increase that the Board of Directors may decide, we have no comment to make on the terms and conditions for determining the share issue price as set forth in the Board of Directors' report.

As the final terms and conditions governing the share capital increase(s) have not been set, we do not express an opinion thereon and consequently on the proposed cancellation of preferential share subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we shall prepare an additional report for each share capital increase that your Board of Directors may decide to perform.

Neuilly-sur-Seine, February 17th, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

7.2.3. STATUTORY AUDITORS' SPECIAL REPORT ON THE CANCELLATION OF SHARES PURCHASED BY THE COMPANY

(Ordinary and Extraordinary Shareholders' Meeting of April 20th, 2016 – Fourteenth resolution)

This is a free translation into English of the Statutory Auditors' special report on the cancellation of shares purchased by the Company issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of L'Oréal and pursuant to the provisions of articles L.225-204 and L.225-209 of the French Commercial Code (*Code de commerce*) relating to capital decreases, in particular as concerns the cancellation of shares purchased by the Company, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decreases.

We performed the procedures we deemed necessary in accordance with French professional standards applicable to this engagement. These procedures consisted in ensuring that the reasons for and the terms and conditions of the proposed capital decreases, which are not considered to affect shareholder equality, comply with the applicable legal provisions.

Cancellation of shares held by the Company within the scope of article L.225-214 of the French Commercial Code

The proposed capital decrease would take place through the cancellation by the Company of its own shares purchased in accordance with the conditions of article L.225-208 of the French Commercial Code.

Shareholders are asked to grant the Board of Directors full powers to cancel, on one or more occasions, a maximum of 750,000 shares purchased by the Company to cover share purchase options which currently correspond, or will correspond in the future, to options that are no longer exercisable. These powers would be exercisable for a period of twenty-six months from the Shareholders' Meeting of April 20, 2016.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease, which would reduce the Company's share capital by a maximum of €150,000.

Cancellation of shares held by the Company within the scope of article L.225-209 of the French Commercial Code

Shareholders are also asked to grant the Board of Directors full powers to cancel, on one or more occasions, the shares acquired by the Company, within the limit of 10% of the capital as of the date of the cancellation, per twenty-four month period. These powers would be exercisable for a period of twenty-six months from the Shareholders' Meeting of April 20, 2016, in accordance with article L.225-209 of the French Commercial Code. Under the thirteenth resolution, the Board of Directors is seeking an eighteen-month authorization from the Shareholders' Meeting to perform this purchase.

We have no matters to report on the reasons for or terms and conditions of the proposed capital decrease, the implementation of which depends on the Shareholders' Meeting approving the purchase of the Company's shares, as proposed under the ninth resolution.

Neuilly-sur-Seine, February 17th, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin