

## 4.7. STATUTORY AUDITOR'S REPORTS

### 4.7.1. Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated non financial statement

For the year ended 31 December 2020

*This is a free translation into English of the Statutory Auditor's report 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 standards applicable in France.*

#### L'ORÉAL

Société Anonyme  
14, rue Royale  
75008 Paris

To the Shareholders,

In our capacity as Statutory Auditor of L'Oréal SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at [www.cofrac.fr](http://www.cofrac.fr)), we hereby report to you on the consolidated non financial statement for the year ended 31 December 2020 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

#### Company's responsibility

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

#### Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

#### Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

#### Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- we familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.

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- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important and which are presented in annex 1 ; concerning certain risks (corruption, human rights), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities.
- We verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
- We carried out, for the key performance indicators and other quantitative outcomes and which are presented in annex 1 that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities which are presented in annex 2 and covered between 20% and 26% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

### Means and resources

Our work engaged the skills of eight people between September 2020 and February 2021.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around twenty interviews with people responsible for preparing the Statement.

### Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Paris-La Défense, 17 February 2021

One of the statutory auditors,

Deloitte & Associés

Frédéric Moulin  
PartnerSustainable

Julien Rivals  
Development Partner

## Annex 1 : Quantitative outcomes selected and Qualitative information

### Quantitative outcomes :

#### Environment:

- production data of industrial sites (millions and tonnes);
- total energy consumption of industrial sites and distribution centres, administrative sites and research centres (MWh);
- total energy consumption from renewable sources for industrial sites and distribution centres, administrative sites and research centres (MWh) ;
- CO<sub>2</sub> emissions: Scope 1 of industrial sites and distribution centres, administrative sites and research centres; Scope 2 of industrial sites, administrative sites and research centres (market-based approach); main CO<sub>2</sub> emissions of Scope 3 (millions of Teq. CO<sub>2</sub>);
- CO<sub>2</sub> emissions linked to the transport of finished products;
- emissions of volatile organic compounds (VOCs; tonnes) at industrial sites, sulphur dioxide (SO<sub>2</sub>; tonnes) and ozone-depleting substances (tonnes) at industrial sites and distribution centres, administrative sites and research centres;
- total water consumption (source / use) of industrial sites and distribution centres, administrative sites and research centres (thousands of m<sup>3</sup>);
- effluents after treatment (m<sup>3</sup>), chemical oxygen demand (COD) after treatment (tonnes) of industrial sites;
- waste (nature / source / treatment) transportable excluding rotating shuttle packaging, with shuttle packaging at source from industrial sites and distribution centres, administrative sites and research centres (tonnes);
- recovery index for industrial sites and distribution centres, administrative sites and research centres (%);
- material recovery index for industrial sites and distribution centres, administrative sites and research centres (%);
- use of phytosanitary products (yes/no) of industrial sites and distribution centres, administrative sites and research centres (%);  
Use of phytosanitary products (yes/no) of industrial sites and distribution centres, administrative sites and research centres (%);

#### Social :

- number of employees and gender distribution;
- recruitment and departures;
- absenteeism;
- training (in number of hours and percentage of employees having received at least one training course during the year);
- social dialogue (percentage of employees covered by a collective agreement percentage of employees working in subsidiaries where representative bodies are in place);
- number of collective agreements in force at 31 December;
- amount paid to World Profit Sharing;
- employee protection (number of permanent employees eligible for financial protection in the event of an accident in life and health cover in line with best practice in their country of residence);
- accident frequency and severity rate;

#### Human rights:

- ethical commitment letter (as a percentage of strategic suppliers);
- annual reporting on ethics (as a percentage of subsidiaries);
- training (percentage of employees with access to the online module who have completed the specific and mandatory e-learning course on ethics, number of participants and hours of face-to-face training);

### Qualitative information (actions and results):

Social: information on the Diversity and Inclusion policy (women-led brands, EDGE and GEEIS certifications, key positions and local managers); age verification system at recruitment;

Human rights: information on the Solidarity Sourcing programme, the supplier social audit programme, the *Beauty for a Better Life* program and cosmetovigilance ;

Environment: information on the *Carbon Balanced* program, the association of suppliers with the CDP, the commitment of brands to assess their environmental and social impact and achievements in terms of improving the environmental or social profile of products, the "zero deforestation" commitment, respect for biodiversity through a sustainable and responsible raw materials procurement policy; Anti-corruption mechanism: information on the countries covered by the corruption risk maps, the alert system and e-learning training courses on corruption prevention.

## 4. L'ORÉAL'S SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

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### Annex 2: Contributing entities selected

- Social data:
  - Japon;
  - Russia;
  - USA.
- HSE data:

| Country      | Site  |
|--------------|---|
| South Africa | Midrand   |
|              | Karlsruhe   |
| Germany      | SA Germany  |
|              | SA Germany Sales ( <i>security</i> )              |
|              | SA Germany Stores ( <i>security</i> )             |
| Brazil       | Sao Paulo   |
|              | R&I Brazil  |
| China        | Suzhou  |
| Egypt        | SA China Stores ( <i>security</i> )               |
|              | Cairo ( <i>energy, CO<sub>2</sub>, security</i> ) |
| France       | R&I Chevilly                                      |
|              | SA Aulnay   |
|              | SA Clichy   |
|              | SA Seine 62                                       |
|              | Saint Quentin                                     |
|              | Vichy-LRP   |
| Hong Kong    | SA Hongkong ( <i>security</i> )                   |
| Italy        | SA Italy  |
|              | Settimo   |
| Mexico       | DC Mexico   |
|              | DC Little Rock                                    |
| USA          | North Little Rock ( <i>cooling gas</i> )          |
|              | R&I USA   |
|              | SA Hudson Yards                                   |
|              | SA USA Sales ( <i>security</i> )                  |