# CONVENING NOTICE

## ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING

On Thursday, April 20th, 2017 at 10.00 a.m

PALAIS DES CONGRÈS
75017 PARIS

L'ORÉAL

## Contents



# Annual General Meeting of Thursday, April 20th, 2017

# Agenda

## ORDINARY PART

1. Approval of the 2016 parent company financial statements
2. Approval of the 2016 consolidated financial statements
3. Allocation of the Company's net income for 2016 and declaration of the dividend
4. Appointment of Mr. Paul Bulcke as Director
5. Renewal of the tenure as Director of Mrs. Françoise Bettencourt Meyers
6. Renewal of the tenure as Director of Mrs. Virginie Morgon
7. Approval of the principles and criteria for determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds, that may be granted to the Chairman and Chief Executive Officer
8. Advisory vote by the shareholders on the components of remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2016 financial year
9. Authorisation for the Company to buy back its own shares

## EXTRAORDINARY PART

10. Division of the par value of the Company's shares by two
11. Delegation of authority to the Board of Directors to increase the share capital either through the issue of ordinary shares with maintenance of the shareholders' preferential subscription rights
12. Delegation of authority to the Board of Directors to increase the share capital *via* the capitalisation of share premiums, reserves, profits or other amounts
13. 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
14. Delegation of authority to the Board of Directors in order to enable it to carry out a capital increase reserved for categories of beneficiaries consisting of employees of foreign subsidiaries, with cancellation of the shareholders' preferential subscription right, within the scope of an employee share ownership programme
15. Harmonisation of the Articles of Association with Article 787 B of the French Tax Code
16. Powers for formalities

# Message of the
## Chairman and Chief Executive Officer

**JEAN-PAUL AGON**
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

*"The fundamentals of L'Oréal are more than ever unique advantages in the bright new world of beauty that is emerging."*

Dear Shareholder,

I am pleased to invite you to attend L'Oréal's Annual General Meeting which will be held on Thursday, April 20th, 2017 at 10 a.m. at the Palais des Congrès, Porte Maillot in Paris.

During this event, we will discuss 2016, another good year for L'Oréal, with a significant growth in sales and robust profits. In a generally favourable cosmetics market, the Group has once again accentuated its worldwide beauty leadership thanks to market share gains in its three main geographic Zones. In an uncertain, volatile economic context, the fundamentals of L'Oréal are more than ever unique advantages in the bright new world of beauty that is emerging: clearly defined mission and strategy, highly engaged expert teams, a global flotilla of emblematic brands, a long-haul investment in research and innovation, a critical engagement in digital, a unique, flexible and agile organisation, and a strong entrepreneurial culture.

During the General Meeting you will be able to vote, thus taking an active part in decisions concerning L'Oréal. In this document you will find a detailed presentation of the draft resolutions which you will be requested to approve. I count on your attendance at this Annual General Meeting this year. If you are unable to be present, please note that you have the possibility to vote via Internet or by post, or give a proxy to the Chairman of the meeting or any other person of your choice.

You will find all the relevant information in this document, as well as the meeting's agenda and the draft resolutions. You will also be able to watch the recorded webcast of the main speeches of the Annual General Meeting on our website www.loreal-finance.com from April, 20th in the afternoon.

In the name of the Board of Directors, I want to thank each one of you for your trust and loyalty, and look forward to seeing you on April 20th.

# 1

# Brief presentation of the L'Oréal Group in 2016 and key figures

## 2016 KEY FIGURES

*Growth of sales and profits*

| 2016 SALES | OPERATING PROFIT | NET PROFIT AFTER NON-CONTROLLING INTERESTS | NET EARNINGS PER SHARE (1) | DIVIDEND (2) |
|---|---|---|---|---|
| 25.84 *billion euros (+2.3% based on reported figures, +4.7% like-for-like)* | 4.54 *billion euros, representing 17.6% of sales (+3.5%)* | 3.11 *billion euros (-5.8%)* | 6.46 *euros per share* | 3.30 *euros per share (+6.45%)* |

## COMMENTS

**The Board of Directors of L'Oréal met on February 9th, 2017, under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2016.**

Commenting on the annual results, Jean-Paul Agon, Chairman and CEO of L'Oréal, said:

"L'Oréal achieved another good year, with a significant growth in sales and robust profits.

In a generally favourable cosmetics market, the Group has once again accentuated its worldwide beauty leadership thanks to market share gains in its three main geographic zones.

All the Divisions recorded sales growth, especially L'Oréal Luxe which is significantly strengthening its positions. The Active Cosmetics Division also performed well, winning market share around the world. As announced, the Consumer Products Division, driven by its successful strategic choices, saw a clear acceleration in sales and outperformed its market.

As for the geographic zones, L'Oréal has accelerated sales and increased its lead in North America. The Group has further accentuated its leadership in Europe, outperforming the market despite the difficult situation in France. Growth in the New Markets has remained solid.

In terms of results, operating margin and cash flows have set new records, confirming that our business model is set to deliver robust performance and create significant value.

2016 was also another year that strengthened L'Oréal's leadership in connected beauty. Our e-commerce (3) sales rose by +33%, and the digital dynamism of our brands – in both communications and services – means they can develop increasingly strong and personalised interactions with consumers.

The strategic acquisition of IT Cosmetics, and the one in progress of CeraVe, strengthen our unique portfolio of brands and will more than ever enable us to meet our consumers' beauty aspirations. As part of this brand portfolio optimisation, it has been decided to explore all strategic options regarding The Body Shop's ownership in order to give it the best opportunities and full ability to continue its development. No decision has been taken so far.

All in all, the fundamentals of L'Oréal are unique advantages in the bright new world of beauty that is emerging: clearly defined mission and strategy, highly engaged expert teams, a global flotilla of emblematic brands, a long-haul investment in research and innovation, a critical engagement in digital, a unique, flexible and agile organisation, and a strong entrepreneurial culture.

In an economic context that is still volatile and uncertain, L'Oréal is confident that it will once again outperform the beauty market in 2017 and achieve another year of sales and profit growth."

*(1) Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.*
*(2) Proposed at the Annual General Meeting of April 20th, 2017.*
*(3) Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data); like-for-like growth.*

# INTERNATIONAL AND COSMETICS MARKET

NORTH AMERICA

**28.5%** Share of Group cosmetics sales:
**+5.8%** Sales growth in 2016 (1)
**+4.1%** Market growth in 2016 (2)

**€7,098.8M**

**SALES**

**19.6%** (3)

**OPERATING PROFIT**
*(in % of sales)*

WESTERN EUROPE

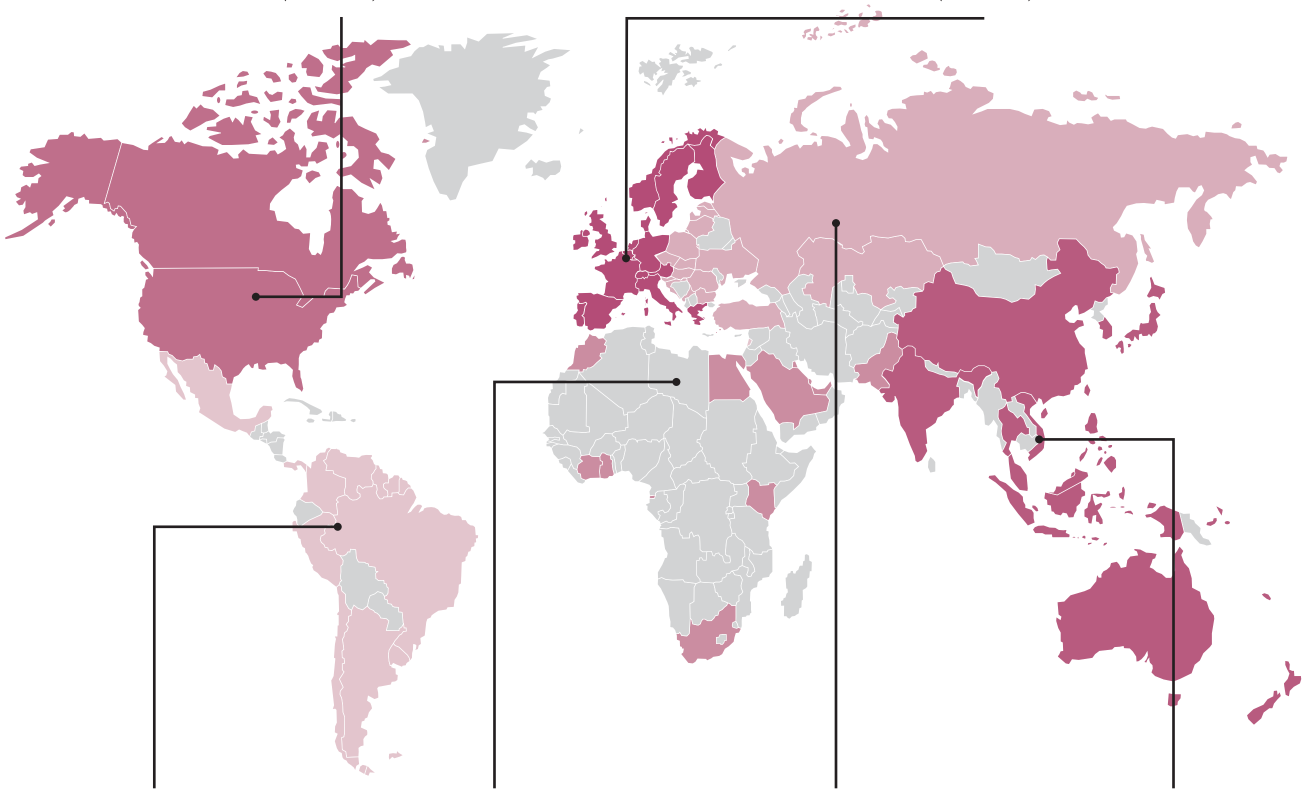
**32.1%** Share of Group cosmetics sales:
**+2.4%** Sales growth in 2016 (1)
**+0.9%** Market growth in 2016 (2)

**€8,008.0M**

**SALES**

**22.9%** (3)

**OPERATING PROFIT**
*(in % of sales)*



LATIN AMERICA

**7.4%** Share of Group cosmetics sales:
**+11.1%** Sales growth in 2016 (1)
**+8.0%** Market growth in 2016 (2)

**€1,838.0M**

**SALES**

AFRICA, MIDDLE EAST

**3.1%** Share of Group cosmetics sales:
**+7.9%** Sales growth in 2016 (1)
**+1.7%** Market growth in 2016 (2)

**€764.5M**

**SALES**

EASTERN EUROPE

**6.3%** Share of Group cosmetics sales:
**+10.4%** Sales growth in 2016 (1)
**+7.0%** Market growth in 2016 (2)

**€1,571.5M**

**SALES**

ASIA, PACIFIC

**22.6%** Share of Group cosmetics sales:
**+3.6%** Sales growth in 2016 (1)
**+4.4%** Market growth in 2016 (2)

**€5,635.4M**

**SALES**

NEW MARKETS

**39.4%** Share of Group cosmetics sales:
**+6.3 %** Sales growth in 2016 (1)
**+5.2 %** Market growth in 2016 (2)

**€9,809.5M**

**SALES**

**19.7%** (3)

**OPERATING PROFIT**
*(in % of sales)*

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

*(2) Source: L'Oréal estimates of the worldwide cosmetics market based on net manufacturing prices excluding soap, toothpaste, razors and blades. Excluding currency fluctuations.*

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

# 2016 SALES

**Like-for-like**, *i.e.* based on a comparable structure and constant exchange rates, the sales trend of the L'Oréal Group was +4.7%.

**The net impact of changes in the scope of consolidation** amounted to +0.4%.

**Currency fluctuations** had a negative impact of -2.8%.

**Growth at constant exchange rates** was +5.1%.

**Based on reported figures**, the Group's sales, at December 31st 2016, amounted to €25.84 billion, an increase of +2.3%.

## SALES BY OPERATIONAL DIVISION AND BY GEOGRAPHIC ZONE

| | | | | | 2015/2016 progression | |
|---|---|---|---|---|---|---|
| *€ million* | 2014 | 2015 | **2016** | **% 2016 sales** | Like-for-like | Reported figures |
| **By Operational Division** | | | | | | |
| Professional Products | 3,032.4 | 3,399.7 | 3,399.7 | 13.6% | 1.8% | 0.0% |
| Consumer Products | 10,767.5 | 11,844.2 | 11,993.4 | 48.1% | 4.4% | 1.3% |
| L'Oréal Luxe | 6,197.9 | 7,230.0 | 7,662.4 | 30.8% | 6.9% | 6.0% |
| Active Cosmetics | 1,660.4 | 1,816.3 | 1,860.7 | 7.5% | 5.7% | 2.4% |
| **Cosmetics Total** | **21,658.2** | **24,290.2** | **24,916.3** | **100.0%** | **4.9%** | **2.6%** |
| **By geographical zone** | | | | | | |
| Western Europe (1) | 7,647.2 | 7,968.4 | 8,008.0 | 32.1% | 2.4% | 0.5% |
| North America | 5,389.4 | 6,654.4 | 7,098.8 | 28.5% | 5.8% | 6.7% |
| ◆ New Markets, of which: | 8,621.6 | 9,667.4 | 9,809.5 | 39.4% | 6.3% | 1.5% |
| ◆ Asia, Pacific (1) | 4,614.1 | 5,537.9 | 5,635.4 | 22.6% | 3.6% | 1.8% |
| ◆ Latin America | 1,853.7 | 1,871.3 | 1,838.0 | 7.4% | 11.1% | -1.8% |
| ◆ Eastern Europe | 1,585.4 | 1,530.4 | 1,571.5 | 6.3% | 10.4% | 2.7% |
| ◆ Africa, Middle-East | 568.4 | 727.9 | 764.5 | 3.1% | 7.9% | 5.0% |
| **Total Cosmetics** | **21,658.2** | **24,290.2** | **24,916.3** | **100.0%** | **4.9%** | **2.6%** |
| ◆ The Body Shop | 873. 8 | 967.2 | 920.8 | 3.6% | 0.6% | -4.8% |
| **TOTAL GROUP** | **22,532.0** | **25,257.4** | **25,837.1** | **100.0%** | **4.7%** | **2.3%** |

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

## COSMETICS SALES

### *Professional Products*

The Professional Products Division recorded growth of +1.8% like-for-like. It is stable based on reported figures.

### *Consumer Products*

The Consumer Products Division is strengthening its growth at +4.4% like-for-like and +1.3% based on reported figures. It is outperforming the global market.

### *L'Oréal Luxe*

L'Oréal Luxe posted growth of +6.9% like-for-like and +6.0% based on reported figures, with an excellent second half at +8.1% like-for-like. The Division is outperforming its market and has been further strengthened by the acquisition of two new brands: Atelier Cologne and IT Cosmetics.

### *Active Cosmetics*

With growth of +5.7% like-for-like and +2.4% based on reported figures, the Active Cosmetics Division ended the year on a very dynamic note. It is further increasing its share of the worldwide market.

### *Multi-division summary by geographic zone*

#### Western Europe

Despite the continuing difficult environment in France, Western Europe posted growth of +2.4% like-for-like, and +0.5% based on reported figures, and is further extending its leadership. The Consumer Products Division is strengthening its positions. The United Kingdom and Spain had a particularly dynamic year, while Germany and Italy delivered solid growth, outperforming their respective markets. Make-up is the number one growth driver, fuelled especially by the NYX Professional Makeup and Urban Decay brands.

#### North America

In a dynamic market, North America posted growth of +5.8% like-for-like and +6.7% based on reported figures. L'Oréal Luxe is growing faster than its market, driven by the strong growth of Urban Decay and Yves Saint Laurent, as well as good performances from Lancôme and IT Cosmetics. The Consumer

Products Division is significantly strengthening its leadership: the continuing success of NYX Professional Makeup has been added to the momentum of Maybelline and Essie, and Garnier is accelerating thanks to its Whole Blends (*Ultra Doux*) and Micellar Cleansing Waters launches.

### New Markets

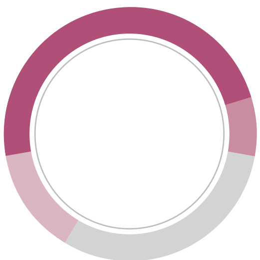
- **Asia, Pacific**: this Zone recorded growth of +3.6% like-for-like and +1.8% based on reported figures. In Northern Asia, Taiwan and South Korea are posting good growth. In China, L'Oréal Luxe maintains its momentum, but the Consumer Products Division, in a transitional phase, has been slowed down by the difficulties of Magic and the progressive adjustment to the evolving distribution channels. In Southern Asia, growth remains sustained thanks, in particular, to dynamic trends in Australia and Indonesia, and the development of NYX Professional Makeup and Garnier;
- **Latin America**: the Zone posted growth of +11.1% like-for-like, and -1.8% based on reported figures. The acceleration is continuing in Mexico, Colombia and Peru, thanks to the strong growth of the make-up brands Vogue, Maybelline and L'Oréal Paris, and the good results of L'Oréal Professionnel and Kérastase. In Brazil, the Active Cosmetics Division is outperforming the market, and the Consumer Products Division is taking advantage of the successful integration of Niely;
- **Eastern Europe**: the Zone recorded growth of +10.4% like-for-like and +2.7% based on reported figures. Russia, Poland and Ukraine are driving growth in this Zone. The Professional Products Division, L'Oréal Luxe and Consumer Products are outperforming their markets;
- **Africa, Middle East**: sales growth amounted to +7.9% like-for-like and +5.0% based on reported figures. Activity in the Zone slowed down at the end of the year, particularly because of Saudi Arabia where the market decelerated. On the other hand, Egypt and Pakistan are maintaining very strong momentum. Against this background, the Divisions together have gained market shares.

### *The Body Shop*

The Body Shop recorded growth of +0.6% like-for-like, and -4.8% based on reported figures. Momentum was good in Europe, especially in the United Kingdom, the brand's home market, and in Latin America where The Body Shop opened up recently in Chile. The brand has also benefited from sustained growth in e-commerce. Skincare growth is continuing, with a strong contribution from the range of five new facial skincare masks. The difficult context in Saudi Arabia and Hong Kong, however, is continuing to impact overall performance.

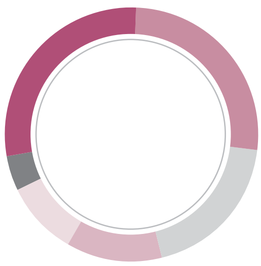
## 2016 CONSOLIDATED SALES OF THE OPERATIONAL DIVISIONS

BY DIVISION



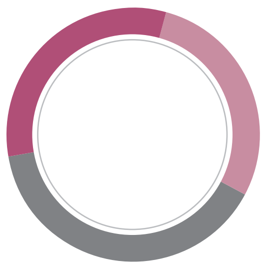
- **48.1%** *Consumer Products*
- **7.5%** *Active Cosmetics*
- **30.8%** *L'Oréal Luxe*
- **13.6%** *Professional Products*

BY BUSINESS SEGMENT



- **28.5%** *Skincare and suncare*
- **26.4%** *Make-up*
- **19.2%** *Haircare*
- **12.1%** *Hair colours*
- **9.5%** *Perfumes*
- **4.4%** *Other* (1)

BY GEOGRAPHIC ZONE



- **32.1%** *Western Europe*
- **28.5%** *North America*
- **39.4%** *New Markets*

*Of which :* **22.6%** *Asia, Pacific*
**6.3%** *Eastern Europe*
**3.1%** *Africa, Middle East*
**7.4%** *Latin America*

*(1) "Other" includes hygiene products and sales made by American professional distributors with non-Group brands.*

# 2016 RESULTS

## 1. OPERATING PROFITABILITY AT 17.6% OF 2016 SALES

### OPERATING PROFITABILITY AND CONSOLIDATED INCOME STATEMENT

| | 2014 | | 2015 | | 2016 | |
|---|---|---|---|---|---|---|
| | € millions | % 2014 sales | € millions | % 2015 sales | € millions | % 2015 sales |
| **Sales** | **22,532.0** | **100%** | **25,257.4** | **100%** | **25,837.1** | **100.0%** |
| Cost of sales | -6,500.7 | 28.9% | -7,277.4 | 28.8% | -7,341.7 | 28.4% |
| **Gross profit** | **16,031.3** | **71.1%** | **17,980.0** | **71.2%** | **18,495.4** | **71.6%** |
| Research and development expenses | -760.6 | 3.4% | -794.1 | 3.1% | -849.8 | 3.3% |
| Advertising and promotion expenses | -6,558.9 | 29.1% | -7,359.6 | 29.1% | -7,498.7 | 29.0% |
| Selling, general and administrative expenses | -4,821.1 | 21.4% | -5,438.6 | 21.5% | -5,607.0 | 21.7% |
| **OPERATING PROFIT** | **3,890.7** | **17.3%** | **4,387.7** | **17.4%** | **4,539.9** | **17.6%** |

Gross profit, at 18,495 million euros, came out at 71.6% of sales, compared with 71.2% in 2015, that is an increase of 40 basis points. Research and Development expenses, at 3.3% of sales, have increased in relative value.

Advertising and promotion expenses came out at 29% of sales, close to the 2015 level.

Selling, general and administrative expenses, at 21.7% of sales, have come out at a slightly higher level compared to 2015.

Overall, operating profit, at 4,540 million euros, has grown by 3.5%, and amounts to 17.6% of sales.

## 2. OPERATING PROFIT BY OPERATIONAL DIVISION

| | 2014 | | 2015 | | 2016 | |
|---|---|---|---|---|---|---|
| | € millions | % sales | € millions | % sales | € millions | % sales |
| Professional Products | 609 | 20.1% | 678 | 20.0% | 689 | 20.3% |
| Consumer Products | 2,186 | 20.3% | 2,386 | 20.1% | 2,417 | 20.2% |
| L'Oréal Luxe | 1,269 | 20.5% | 1,497 | 20.7% | 1,623 | 21.2% |
| Active Cosmetics | 376 | 22.7% | 415 | 22.8% | 431 | 23.2% |
| **COSMETICS DIVISIONS TOTAL** | **4,440** | **20.5%** | **4,976** | **20.5%** | **5,160** | **20.7%** |
| Non-allocated (1) | -615 | -2.8% | -643 | -2.6% | -654 | -2.6% |
| **The Body Shop** | **65** | **7.5%** | **55** | **5.7%** | **34** | **3.7%** |
| **COSMETICS DIVISIONS TOTAL AFTER NON-ALLOCATED** | **3,890** | **17.3%** | **4,388** | **17.4%** | **4,540** | **17.6%** |

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

The profitability of the Professional Products Division, at 20.3%, is up by 30 basis points.

The profitability of the Consumer Products Division came out at 20.2%, representing an increase of 10 basis points compared with 2015.

The profitability of L'Oréal Luxe, at 21.2%, strongly increased in 2016, which is an increase of 50 basis points.

At Active Cosmetics Division, there was a further increase in profitability reaching 23.2%.

The profitability of The Body Shop in 2016 fell to 3.7%.

## 3. PROFITABILITY BY GEOGRAPHIC ZONE

| | 2014[(1)] | | 2015[(1)] | | **2016** | |
|---|---|---|---|---|---|---|
| | € millions | % sales | € millions | % sales | **€ millions** | **% sales** |
| Western Europe [(1)] | 1,727 | 22.6% | 1,800 | 22.6% | 1,832 | 22.9% |
| North America | 1,010 | 18.7% | 1,257 | 18.9% | 1,392 | 19.6% |
| New Markets[(1)] | 1,703 | 19.7% | 1,919 | 19.9% | 1,936 | 19.7% |
| **COSMETICS ZONES TOTAL** | **4,440** | **20.5%** | **4,976** | **20.5%** | **5,160** | **20.7%** |
| Non-allocated [(2)] | -615 | -2.8% | -643 | -2.6% | -654 | -2.6% |
| **COSMETICS DIVISIONS TOTAL AFTER NON-ALLOCATED** | **3,825** | **17.7%** | **4,333** | **17.8%** | **4,506** | **18.1%** |

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

Profitability improved significantly in Western Europe gaining 30 basis points to 22.9%.

In North America, profitability strongly increased to 19.6%, representing +70 basis points.

And in the New Markets, profitability fell slightly to 19.7% due to the negative impact of currency fluctuations in Latin America.

## 4. NET PROFIT FROM CONTINUING OPERATIONS

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

| *€ millions* | 2014 | 2015 | **2016** | Evolution |
|---|---|---|---|---|
| **Operating profit** | **3,890.7** | **4,387.7** | **4,539.9** | **3.5%** |
| Finance Costs excluding dividends received | -24.1 | -13.8 | -19.3 | |
| Sanofi dividends | 331.0 | 336.9 | 346.5 | |
| **Pre-tax profit excluding non-recurring items** | **4,197.7** | **4,710.8** | **4,867.1** | **3.3%** |
| Income tax excluding non-recurring items | -1,069.5 | -1,219.7 | -1,216.8 | |
| Net profit from equity affiliates excluding non-recurring items | -3.0 | - | -0.1 | |
| Non-controlling interests | 0.1 | -1.3 | -3.0 | |
| **Net profit excluding non-recurring items attributable to owners of the company [(1)]** | **3,125.3** | **3,489.8** | **3,647.2** | **4.5%** |
| **EPS [(2)] (€)** | **5.34** | **6.18** | **6.46** | **4.6%** |
| **NET PROFIT AFTER NON-CONTROLLING INTERESTS** | **4,910.2** | **3,297.4** | **3,105.8** | |
| Diluted EPS after non-controlling interests (€) | 8.39 | 5.84 | 5.50 | |
| **Diluted average number of shares** | **585,238,674** | **564,891,388** | **564,509,135** | |

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

Finance expenses came out at 19 million euros.

Sanofi dividends amounted to 346 million euros.

Income tax excluding non-recurring items amounted to 1,216 million euros. This represents a tax rate of 25.0%, slightly lower than that of 2015 which came out at 25.9%.

Net profit excluding non-recurring items after non-controlling interests amounted to 3,647 million euros.

Earnings per Share, at 6.46 euros, are up by 4.6%.

Non-recurring items after non-controlling interests amounted to 541 million euros net of tax, which corresponds mostly to the *Magic* and *Clarisonic* impairment impact operated during the first half of 2016, and to the French tax of 3% on dividends distributed.

Net profit came out at 3,105 million euros.

## 5. NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY: €3,105 MILLION

| *€ millions* | 2014 | 2015 | **2016** | Evolution 2015/2016 |
|---|---|---|---|---|
| **Net profit excluding non-recurring items after non-controlling interests** | **3,125.3** | **3,489.8** | **3,647.2** | **-** |
| Non-recurring items net of tax | -357.7 | -192.4 | -541.4 | - |
| Net profit from non-continuing operations | +2,142.7 | - | - | - |
| **NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY** | **4,910.2** | **3,297.4** | **3,105.8** | **-5.8%** |

## 6. CASH FLOW STATEMENT, BALANCE SHEET AND NET FINANCIAL SITUATION

**Gross cash flow** amounted to €4,717 million, an increase of 7.2%.

The **working capital requirement** increased very modestly by €12.7 million.

**Investments** amounted to €1,386 million, representing 5.4% of sales, higher than in 2015, when it represented 4.6% of sales.

The **net cash** is positive again and came out, at December 31st, 2016, at €481 million.

The **balance sheet** remains particularly solid with shareholders' equity amounting to €24.5 billion.

## 7. PROPOSED DIVIDEND AT THE ANNUAL GENERAL MEETING OF APRIL 20TH, 2016

The Board of Directors has decided to propose to the Shareholders' Annual General Meeting of April 20th, 2017 a dividend of €3.30 per share, an increase of +6.45% compared with the dividend paid in 2016. The dividend will be paid on May 3rd, 2017 (ex-dividend date April 28th, 2017 at 0:00 a.m., Paris time).

## 8. SHARE CAPITAL

As of December 31st, 2016, the capital of the Company is formed by 561,855,741 shares, each with one voting right.

# 2

# Significant events that have occurred since the beginning of 2017

On January 10th, 2017, L'Oréal announced the signing of a definitive agreement with Valeant to acquire the skincare brands *CeraVe, AcneFree* and *Ambi* for a cash purchase price of US $ 1.3 billion. The three brands *CeraVe, AcneFree* and *Ambi* have annualised combined revenue of approximately US $ 168 million. On March 6th, 2017, L'Oréal finalized the acquisition of the three brands.

# 3

# Presentation of the Board of Directors

## A BALANCED AND HIGHLY COMMITTED BOARD

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

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

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

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

**PETER BRABECK-LETMATHE**
Vice-Chairman of the Board
(term of office renewed in 2013)

**FRANÇOISE BETTENCOURT MEYERS**
(term of office renewed in 2013)

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

**ANA SOFIA AMARAL**
(since 15 July 2014)

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

**SOPHIE BELLON**
(since 22 April 2015)

**XAVIER FONTANET**
(term of office renewed in 2014)

**BELÉN GARIJO**
(since 17 April 2014)

**BERNARD KASRIEL**
(term of office renewed in 2016)

**BÉATRICE GUILLAUME-GRABISCH**
(since 20 April 2016)

**GEORGES LIAROKAPIS**
(since 15 July 2014)

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

**EILEEN NAUGHTON**
(since 20 April 2016)

**VIRGINIE MORGON**
(since 26 April 2013)

## COMPOSITION OF THE BOARD AT DECEMBER 31ST, 2016

| | Independence | Expiry Date Of Current Tenure | Board Committees | | | |
|---|---|---|---|---|---|---|
| | | | Strategy & Sustainable Development | Audit | HR & Remuneration | Appointments & 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 | | | | |

◆ *Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors.*

● *Committee Chairman/Chairwoman* ○ *Committee Member*

**58**

*Average age of the Directors at 12/31/2016*

**7**

*independent Directors*

**46%**

*female Directors (excluding the Directors representing the employees)*

# 4

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

## ORDINARY PART

### RESOLUTIONS 1, 2 AND 3: APPROVAL OF THE ANNUAL (PARENT COMPANY AND CONSOLIDATED) FINANCIAL STATEMENTS FOR 2016, ALLOCATION OF THE COMPANY'S NET INCOME AND DECLARATION OF THE DIVIDEND

**STATEMENT OF REASONS**

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

- the parent company financial statements, with an income statement which shows net income of €3,014,442,845.08 for 2016, compared with €3,055,444,351.60 in 2015;
- the 2016 consolidated financial statements.

The details of these financial statements are set out in the 2016 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 €3.30 per share, representing an increase of +6.45% 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-recurring items, diluted, attributable to owners of the company, per share) would be 51.1% in 2016:

| Year | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Rate of distribution | 46.3% | 46.8% | 48.7% | 50.6% | 50.2% |

- A preferential dividend of €3.63.

  The preferential dividend will be granted to the shares held in registered form since December 31st, 2014 at the latest, and which continuously remain in registered form until the dividend payment date in 2017. 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 28th, 2017 at zero hour (Paris time) and they will be paid on May 3rd, 2017.

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 2016 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 2016 parent company financial statements, as presented, and the transactions included in these financial statements and summarised in these Reports, showing net income of €3,014,442,845.08 compared with €3,055,444,351.60 for 2015.

#### *Second resolution: approval of the 2016 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 2016 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 2016 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 2016 financial year amounting to €3,014,442,845.08 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) | €1,867,663,984.89 |
| **Balance that will be allocated to the *"Other reserves"* item** | **€1,146,778,860.19** |

* *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, 2016 and will be adjusted to reflect:

- the number of shares issued between January 1st, 2017 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, 2017 and the date of payment of the dividend.

The Annual General Meeting therefore declares an ordinary dividend to be paid of €3.30 per share, the preferential dividend entitling eligible holders to a total of €3.63 per share. The preferential dividend will be granted to the shares held in registered form since December 31st, 2014 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 28th, 2017 at zero hour (Paris time) and they will be paid on May 3rd, 2017.

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:

| | 2013 | 2014 | 2015 |
|---|---|---|---|
| Ordinary dividend per share | €2.50 | €2.70 | €3.10 |
| Preferential dividend per share | €0.25 | €0.27 | €0.31 |

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

### STATEMENT OF REASONS

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

#### *1. Composition of L'Oréal's Board of Directors at December 31st, 2016*

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 judgement. This freedom of judgment enables them in particular to participate, in complete independence, in the decisions or work of the Board and its Committees.

**Jean-Paul Agon**, age 60, 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 63, the daughter of Mrs. Liliane Bettencourt, and the granddaughter of the founder of L'Oréal, Eugène Schueller, Françoise Bettencourt Meyers has been the Chairwoman of the family-owned holding company Téthys since January 31st, 2012, Chairwoman of the Supervisory Committee of the investment subsidiary Téthys Invest, Chairwoman of the Bettencourt

Schueller Foundation and Honorary President of the Agir Pour l'Audition 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 72, of Austrian nationality, is Chairman of the Board of Directors of Nestlé. Peter Brabeck-Letmathe, has been a Director of L'Oréal since 1997, and is Vice-Chairman of the Board of Directors 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 68, has been a Director of L'Oréal since 1987, Vice-Chairman of the Board of Directors since 1994, and is a member of the Strategy and Sustainable Development Committee, the Appointments and Governance Committee and the Human Resources and Remuneration Committee. Jean-Pierre Meyers is Vice-Chairman of the Supervisory Board and Chief Executive Officer of the family-owned holding company Téthys, Chairman of the investment subsidiary Téthys Invest, Vice-Chairman of the Bettencourt Schueller Foundation and President of the Agir Pour l'Audition Foundation.

**Ana Sofia Amaral**, age 51, 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 55, is Chairwoman of the Board of Directors of 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. She is Chairwoman of the Appointments and Governance Committee and member of the Audit Committee.

**Charles-Henri Filippi**, age 64, 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 Appointments and Governance Committee and Chairman of the Human Resources and Remuneration Committee. He is also a Director of Orange and Nexity.

**Xavier Fontanet**, age 68, former Chairman and Chief Executive Officer (1996-2009) and former Chairman of the Board of Directors of Essilor (2010-2012), has been a Director of L'Oréal since May 2002 and is a member of the Strategy and Sustainable Development Committee. He is also a member of the Board of Directors of Schneider Electric.

**Belén Garijo**, age 56, of Spanish nationality, is Chairwoman and Chief Executive Officer of Merck Healthcare, a company bringing together the pharmaceutical businesses of German group Merck, and a member of the Merck group's Executive Committee. Belén Garijo has been a Director of L'Oréal since 2014 and is a member of the Human Resources and Remuneration Committee. She is also a Director of BBVA (Spain).

**Béatrice Guillaume-Grabisch**, age 52, is General Manager of Nestlé Germany. Béatrice Guillaume-Grabisch has been a Director of L'Oréal since April 2016 and is a member of the Audit Committee.

**Bernard Kasriel**, age 70, a former Chief Executive Officer of Lafarge, has been a Director of L'Oréal since 2004, and is a member of the Strategy and Sustainable Development Committee. He is also a Director of Arkema and Nucor (United States).

**Georges Liarokapis**, age 54, 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 30, has been a member of the Supervisory Board of the family-owned holding company Téthys since January 2011, and is a member of the Supervisory Committee of the investment subsidiary Téthys Invest and Chairman of Exemplaire. Jean-Victor Meyers has been a Director of L'Oréal since 2012 and is a member of the Audit Committee.

**Virginie Morgon**, age 47, is the Deputy Chief Executive Officer of Eurazeo which she joined in 2008 and President and CEO of Eurazeo North America Inc. (USA), after working for sixteen years at Lazard. Virginie Morgon has been a Director of L'Oréal since 2013 and is the Chairwoman of the Audit Committee. She is Vice-Chairwoman of the Board of Directors of Moncler SpA, Chairwoman of the Supervisory Board of Asmodee Holding and Eurazeo PME, Director of Abasic (Desigual), member of the Supervisory Board of Grandir (Les Petits Chaperons Rouges) and of Vivendi. She is also Vice-President of the Paris Committee of Human Rights Watch.

**Eileen Naughton**, age 59, of American nationality, is Vice President People Operations in the Google which she joined in 2006 after holding various responsibilities with Time Warner, including the position of President of Time Group from 2002 to 2005. Eileen Naughton has been a Director of L'Oréal since April 2016.

## 2. Appointment of a new Director in 2017

The tenure of Mr. Peter Brabeck-Letmathe expires at the close of the Annual General Meeting on April 20th, 2017. Mr. Peter Brabeck-Letmathe has informed the Board of Directors that he does not want his tenure to be renewed after the end of his office as Chairman of the Board of Directors of Nestlé in April 2017.

At the Board meeting on February 9th, 2017, Mr. Jean-Paul Agon extended the Board's sincere thanks to Mr. Peter Brabeck-Letmathe for his active contribution to its work over the last twenty years.

Following the proposal made by Nestlé and on the recommendation of the Appointments and Governance Committee, the Board of Directors submits the appointment of Mr. Paul Bulcke as Director for a term of four years to the Annual General Meeting.

Mr. Paul Bulcke, Belgian, aged 62, who has been with Nestlé since 1979, pursued an international career in Latin America and then in Europe. He was appointed as Executive Vice-President of Nestlé S.A. in 2004 in charge of the Americas Divisions. He was Chief Executive Officer of Nestlé S.A. from 2008 to 2016 and the Board of Directors of Nestlé has proposed to appoint Mr. Paul Bulcke as President of the Board of Directors of Nestlé S.A. (Annual General Meeting of 7 April 2017). He is also a Director of Roche Holding in Switzerland.

Mr. Paul Bulcke was a Director of L'Oréal from 2012 until July 2014 and a member of the Strategy and Sustainable Development Committee of L'Oréal from 2012 until July 2014. He resigned on July 2014 as the part of the reduction from 3 to 2 of the number of Nestlé representatives on the Board of Directors of L'Oréal (see Chapter 6 paragraph 3.5 of the Registration Document).

The appointment of Mr. Paul Bulcke as Director for a term of four years is submitted to the Annual General Meeting.

## 3. Renewal of the tenure of two Directors in 2017

As the tenures as Director of Mrs. Françoise Bettencourt Meyers and Mrs. Virginie Morgon are due to expire in 2017, 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 Mrs. Françoise Bettencourt Meyers

Mrs. Françoise Bettencourt Meyers is the daughter of Mrs. Liliane Bettencourt, and granddaughter of the founder of L'Oréal, Eugène Schueller. She has been a Director of L'Oréal since 1997. Mrs. Françoise Bettencourt Meyers has been the Chairwoman of the family-owned holding company Téthys since January 31st, 2012, and is Chairwoman of the Supervisory Committee of the investment subsidiary Téthys Invest, Chairwoman of the Bettencourt Schueller Foundation and Honorary President of the Agir Pour l'Audition Foundation.

Mrs. Françoise Bettencourt Meyers has in-depth knowledge of the Company, to which she is extremely attached. She actively contributes to the quality of the Board's strategic discussions. She has been a member of the Strategy and Sustainable Development Committee since 2012.

She participated in all the Board and Committee meetings in 2016.

- Renewal of the tenure as Director of Mrs. Virginie Morgon

Mrs. Virginie Morgon has been a Director of L'Oréal since 2013, and is the Chairwoman of the Audit Committee.

Mrs. Virginie Morgon is the Deputy Chief Executive Officer of Eurazeo and President and CEO of Eurazeo North America Inc. Since January 2008, she has been a member of the Executive Board of Eurazeo. She is also a member of the Supervisory Board of Vivendi.

Highly committed, exercising freedom of judgement, she provides the Board with her recognised financial expertise and her dynamic and entrepreneurial vision of business. Mrs. Virginie Morgon participated in all the meetings of the Board and the Audit Committee in 2016.

## 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 2016 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, duties and directorships held, their availability, their personal contributions and their participation in the work and discussions of the Board and its Committees in 2016 were taken into consideration by the Appointments and Governance Committee to evaluate the composition and functioning of the Board. The Board of Directors considered that a term of office of over 12 years was not sufficient in and of itself for Mr. Fontanet and Mr. Kasriel to automatically lose the status of independent Director.

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%.

If the General Meeting votes in favour of the appointment and renewals proposed to it by the Board of Directors, this rate of independence would be 54%.

## 5. Balanced gender representation on the Board of Directors

At December 31st, 2016, 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 6 out of 13 Directors appointed by the Annual General Meeting, namely a percentage representation of women of 46%.

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.

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 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. On the date of his/her appointment by the Annual General Meeting, every Director must hold at least 500 shares, with the remainder to be acquired at the latest within the next 24 months. This number of shares will be adjusted in the event of a division of the par value of the share. The full list of the offices, duties and directorships held by the Directors is set out on pages 47 *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 appointment proposed to it in 2017, 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 | P | | | |
| Mrs. Françoise Bettencourt Meyers | | 2021 | ● | | | |
| Mr. Paul Bulcke | | 2021 | ● | | ● | ● |
| Mr. Jean-Pierre Meyers | | 2020 | ● | | ● | ● |
| Mrs. Ana Sofia Amaral | Employee Director | 2018 | | | ● | |
| Mrs. Sophie Bellon | ◆ | 2019 | | ● | | P |
| Mr. Charles-Henri Filippi | ◆ | 2019 | | ● | P | ● |
| 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 | ◆ | 2021 | | P | | |
| Mrs. Eileen Naughton | ◆ | 2020 | | | | |

◆ Independence within the meaning of the criteria of the AFEP-MEDEF Code as assessed by the Board of Directors

P Committee Chairman/Chairwoman

● Committee Member

### *Fourth resolution: appointment of Mr. Paul Bulcke 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 Mr. Paul Bulcke as Director for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2021 to review the financial statements for the previous financial year.

### *Fifth resolution: renewal of the tenure as Director of Mrs. Francoise Bettencourt 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 Mrs. Françoise Bettencourt 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 2021 to review the financial statements for the previous financial year.

### *Sixth resolution: renewal of the tenure as Director of Mrs. Virginie Morgon*

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

His tenure will expire at the end of the Annual General Meeting to be held in 2021 to review the financial statements for the previous financial year.

## RESOLUTION 7: APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINATION, ALLOCATION AND DISTRIBUTION OF THE COMPONENTS OF THE TOTAL REMUNERATION AND THE BENEFITS OF ALL KINDS, THAT MAY BE GRANTED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### STATEMENT OF REASONS

Pursuant to Article L. 225-37-2 of the French Commercial Code, as introduced by the law relating to transparency, the fight against corruption and the modernisation of economic life known as the Sapin II law, the Annual General Meeting is called every year upon to approve the principles and criteria for determination, allocation and distribution of the fixed, variable and exceptional components making up the total remuneration and benefits of all kinds that may be granted to the executive officers, due to their corporate office.

These principles and criteria are presented in the Report of the Board of Directors and are set out in chapter 2.5.1 of the Registration Document, on pages 82 to 87.

### *Seventh resolution: approval of the principles and criteria for determination, allocation and distribution of the components of the total remuneration and the benefits of all kinds, that may be granted to the Chairman and Chief Executive Officer*

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 pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for determination, allocation and distribution of the fixed, variable and exceptional components making up the total remuneration and the benefits of all kinds, that may be granted to Mr. Jean-Paul Agon in his capacity as Chairman and Chief Executive Officer.

## RESOLUTION 8: 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 2016 FINANCIAL YEAR

### STATEMENT OF REASONS

In accordance with the AFEP-MEDEF Code 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 2016 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 2016 put to the vote

| | Amount | Description |
|---|---|---|
| **Fixed remuneration**<br>Change/2015 | **€2,200,000**<br>0% | At its meeting on February 11th, 2016, 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**<br>Ceiling<br>100% of the fixed remuneration | **€1,992,100** | 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.<br>It is expressed as a percentage of fixed remuneration and this percentage may reach a maximum of 100% of fixed remuneration.<br>CRITERIA FOR ASSESSMENT OF THE PERFORMANCE FOR 2016<br>◆ **FINANCIAL CRITERIA (60%)**<br>• Growth in comparable sales as compared to the budget 15%<br>• Growth in market share as compared to the main competitors 15%<br>• Growth in operating profit as compared to 2015 10%<br>• Growth in net earnings per share as compared to 2015 10%<br>• Growth in cash flow as compared to 2015 10%<br>◆ **EXTRA-FINANCIAL AND QUALITATIVE CRITERIA (40%)**<br>• RSE (*Sharing Beauty With All* Programme) : Innovating sustainably, Producing sustainably, Living sustainably, Developing sustainably;<br>• Human Resources: Gender equity, Development of talented employees, Access to training;<br>• Digital Development<br>• Qualitative criteria: Management, Image, the Company's reputation, Dialogue with stakeholders.<br>The assessment is carried out on a criterion-by-criterion basis without offsetting among the criteria. A limit was set on the qualitative portion, which may not exceed a maximum of 15% of the total ceiling on annual variable remuneration.<br>A summary of achievements in 2016 is available on pages 93 and 94 of the Registration Document.<br>ASSESSMENT FOR 2016 BY THE BOARD OF DIRECTORS ON FEBRUARY 9TH, 2017:<br>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 €1,992,100 for 2016, namely 90.6% of the maximum objective, with a level of achievement of the financial and extra-financial criteria of 89.6% and 92% respectively.<br>For confidentiality reasons, L'Oréal does not communicate on the breakdown by criterion of the amounts paid; the elements used for assessment are described on pages 93 and 94 of the Registration Document. |
| **Multi-annual variable remuneration** | **€0** | N/A |
| **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. |

## Components of the remuneration due or allocated in respect of 2016 put to the vote

| | Amount | Description |
|---|---|---|
| **Performance shares (and any other component of long-term remuneration)** | **32,000** performance shares valued at €4,938,240 (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 20th, 2016 (resolution No. 15), 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.<br>The estimated fair value of one performance share (ACAs) under the April 20th, 2016 plan according to the IFRS applied for the preparation of the consolidated financial statements is €154.32, giving, for the 32,000 ACAs granted to Mr. Jean-Paul Agon in 2016, a fair value of €4,938,240. For the April 22nd, 2015 plan, the fair value of one ACAs amounted to €161.49.<br>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.<br>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.<br>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 2017. Monitoring of the performance conditions year after year is described in detail on pages 95 and 96 of the Registration Document.<br>With respect to the criterion relating to sales, in order for all the free shares granted to finally vest for the beneficiaries at the end the vesting period, L'Oréal has to outperform the average growth in sales of the panel of competitors. Below 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.<br>Concerning the criterion related to operating profit, a level of growth, defined by the Board, but not made public for confidentiality reasons, must be met or exceeded in order for all the free shares granted to finally vest for the beneficiaries at the end of the vesting period. Below 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.<br>The grant of shares from which Mr. Jean-Paul Agon benefited in 2016 represents 3.53% of the total number of ACAs granted to the 2,079 beneficiaries of this same plan.<br>In accordance with the authorisation granted by the Annual General Meeting on April 20th, 2016, this grant of shares does not exceed 0.6% of the share capital, it being understood that the maximum amount granted to the executive officers may not represent more than 10% of the total number of free shares that may be granted. No stock option to purchase or subscribe for shares or other long-term incentive was granted to Mr. Jean-Paul Agon in 2016. |
| **Benefits additional to remuneration** | **€0**<br><br>**€8,443** | ◆ Benefits in kind: Mr. Jean-Paul Agon benefits from the necessary material resources for performance of his office such as, for example, the provision of a car with a chauffeur. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, are not benefits in kind.<br>◆ Additional social protection schemes: employee benefit, healthcare and defined contribution schemes. Mr. Jean-Paul Agon continues to be treated in the same way as a senior manager during the entire term of his corporate office which allows him to continue to benefit from the additional social protection schemes and, in particular, the employee benefit and healthcare schemes applicable to the Company's employees. The amount of the employer's contributions to these different schemes amounted to €8,443 in 2016, €5,985 of which related to the defined contribution pension scheme, it being noted that the amount due in this respect will be deducted from the pension due in respect of the defined benefit pension in accordance with the provisions of this collective scheme. The continuation of this treatment was approved by the Annual General Meeting on April 27th, 2010. |
| **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 2016 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** | N/A | No indemnity is due in respect of termination of the corporate office.<br>Payment of the indemnities due under the suspended employment contract was approved by the Annual General Meeting on April 27th, 2010.<br>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, 2017, the fixed remuneration amounts to €1,672,500 and variable remuneration to €1,393,750.<br>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 at the Company's request due pursuant to the employment contract that has been suspended.<br>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.<br>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.<br>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.<br>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, 2016 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 2016 as an executive officer. |
| **Supplementary pension scheme** | N/A | 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:<br>◆ around 120 senior managers (active or retired) are concerned;<br>◆ the minimum length of service requirement was 10 years at the time of closure of the scheme on December 31st, 2000;<br>◆ 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 years prior to the end of the beneficiary's career in the Company.<br>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, 2016, after 38 years' length of service at L'Oréal, would represent €1.56 million, *i.e.* around 37% of the fixed and variable remuneration he received as an executive officer in 2016.<br>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, 2016 and which may be subject to change.<br>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.<br>As a reminder, the rights to the defined benefit pension are uncertain and conditional on the beneficiary ending his career in the Company. The funding of this scheme by L'Oréal cannot be broken down individually by employee.<br>Benefit from this scheme pursuant to the suspended employment contract was approved by the Annual General Meeting on April 27th, 2010. Pursuant to Article L. 225-40-1 of the French Commercial Code, this agreement was examined by the Board of Directors on February 9th, 2017, which confirmed the relevance and terms thereof. |

### *Eighth 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 2016 financial year*

The Annual General Meeting, consulted pursuant to the recommendation in paragraph 26 of the AFEP-MEDEF Code of Corporate Governance, 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, issues 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 2016 financial year, as set out in the statement of reasons for this resolution.

## RESOLUTION 9 : AUTHORISATION FOR THE COMPANY TO BUY BACK ITS OWN SHARES

### STATEMENT OF REASONS

As the existing authorisation is due to expire in October 2017, it is proposed that the Annual General Meeting give the Board a new authorisation, it being specified that in the event of filing of a public offer by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

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

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

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

The authorisation would expire at the end of a period of 18 months as from this Annual General Meeting and would come into force on October 21st, 2017, namely upon the expiry of the current authorisation for the Company to buy back its own shares which will expire on October 20th, 2017.

The purchase price per share could not exceed €230 (excluding expenses). The authorisation would concern a maximum of 10% of the share capital, namely, for information purposes, at December 31st, 2016, 56,185,574 shares for a maximum amount of €12,922,682,020, it being specified that the Company could not at any time hold more than 10% of its own capital. In the event of any financial transactions affecting the capital that justify it and, in particular, the division of the par value provided for in the tenth resolution, the prices and numbers of shares indicated above will be adjusted, where applicable.

### *Ninth resolution: authorisation for the Company to buy back its own shares*

The Annual General Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Report of the Board of Directors, authorises the Board of Directors, with the possibility for it to delegate to the Chairman and Chief Executive Officer, to purchase shares of the Company, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and EU Regulation No. 596/2014 of the European Parliament and of the Council of April 16th, 2014 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, 2016, 56,185,574 shares for a maximum amount of €12,922,682,020, it being stipulated that the Company may at no time hold over 10% of its own share capital. These percentages apply to a number of shares adjusted, where applicable, on the basis of the transactions that may affect the share capital after this General Meeting.

In the event of any financial transactions affecting the Company's capital that justify it and, in particular, the division of the par value provided for in the tenth resolution, 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 its capital;
- their allocation or sale to employees and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit sharing schemes, free grants of shares or all employee share ownership programmes as well as for the purpose of carrying out any transaction to cover the above-mentioned employee share ownership programmes;

- liquidity provision through a liquidity agreement entered into with an investment services provider in accordance with the Code of Ethics recognised by the *Autorité des Marchés Financiers*;
- retaining them and subsequently using them as payment in connection with external growth transactions.

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

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

The Annual General Meeting decides that this authorisation will expire at the end of a period of 18 months following this Annual General Meeting and will come into force on October 21st, 2017, namely upon the expiry of the current authorisation for the Company to buy back its own shares which will expire on October 20th, 2017.

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

## EXTRAORDINARY PART

### RESOLUTION 10: DIVISION OF THE PAR VALUE OF THE COMPANY'S SHARES BY TWO

**STATEMENT OF REASONS**

The price of the L'Oréal share is among the 3 highest of the CAC 40 index (it amounts to €173.40 at the end of the 2016 financial year). Since the last decision with regard to the division of the par value on May 30th, 2000, effective as of July 3rd, 2000, the share price has been multiplied by 2, thereby reflecting the Group's financial performance.

On the recommendation of the Strategy and Sustainable Development Committee, the Board of Directors decided to propose to this Annual General Meeting that it divide the par value of the Company's shares by two in order to enable L'Oréal to continue to diversify and enlarge its shareholder base, in particular with regard to individual shareholders, and to increase the liquidity of the share while maintaining the premium positioning of the L'Oréal share, the price of which will remain in the top third of the listed securities.

This transaction consists, in practice, in reducing the par value of each of the Company's shares by dividing it by two and, in parallel, in multiplying the number of shares making up the share capital by this same figure. In this type of purely technical transaction, the amount of the share capital remains unchanged. In application of the new rules relating to market transactions, the shares created as a result of this division of the par value will bear a new ISIN code. This code will be communicated to financial intermediaries.

#### *Tenth resolution: division of the par value of the Company's Shares by two*

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:

**1)** decides to divide the par value of each of the Company's shares by two in order to reduce the par value of each share from twenty euro cents to ten euro cents, with the amount of the share capital remaining unchanged;

**2)** decides that each share with a par value of twenty euro cents making up the Company's share capital on the effective date of the division of the par value, scheduled on May 19th, 2017, will be automatically replaced, without any formalities being required, by two new shares with a par value of ten euro cents each;

**3)** delegates full powers to the Board of Directors, with the possibility to delegate further under the conditions provided for by law, in order to:

- implement and complete the division of the par value of the shares,
- determine the exact number of new shares of the Company to be issued on the basis of the number of shares making up the Company's share capital on the effective date of the division of the par value and carry out the exchange of the new shares for such shares,
- make all adjustments that are necessary due to the division of the par value, and in particular (i) the adjustments in the number of shares that may be obtained by the beneficiaries of share subscription options granted prior to the division of the par value, as well as the exercise price of such options, (ii) the adjustment of the number of free shares granted prior to the division of the par value (whether these are free shares or free performance shares) and (iii) the automatic adjustments that are necessary in connection with the Company's share buyback programme,
- amend accordingly Article 6 of the Company's Articles of Association with regard to the total number of shares making up the share capital,
- carry out all actions and formalities and make all declarations as a result of this decision, and, more generally, do everything that will be useful or necessary for the implementation of this resolution.

## RESOLUTION 11: DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL THROUGH THE ISSUE OF ORDINARY SHARES WITH MAINTENANCE OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHT

### STATEMENT OF REASONS

It is proposed that the Annual General Meeting delegate to the Board of Directors its authority to increase the share capital through the issue of ordinary shares with maintenance of preferential subscription rights.

The total amount of the capital increases that may be carried out for this purpose may not lead to the share capital, which amounts to €112,371,148.20 as of December 31st, 2016, being increased to an amount of over €157,319,607.

The increases that may be carried out pursuant to the fifteenth resolution voted by the Annual General Meeting on April 20th, 2016 and the twelfth, thirteenth and fourteenth resolutions put to the vote of this General Meeting will also be charged against this ceiling. It corresponds to a maximum increase of 40% of the capital.

No overallocation option is provided for.

This delegation of authority would be valid for a period of 26 months as from the date of the Annual General Meeting it being specified that, in the event of the filing of a public offer by a third party with regard to the Company's shares, 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.

### *Eleventh resolution: delegation of authority to the Board of Directors to increase the share capital through the issue of ordinary shares with maintenance of the shareholders' preferential subscription rights*

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 in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code, and in particular Article L. 225-129-2 of the French Commercial Code:

**1)** delegates to the Board of Directors its authority to decide on one or more increases in the share capital through the issue of ordinary shares of the Company. The delegation of authority thus granted to the Board of Directors is valid for a period of 26 months as from the date of this Annual General Meeting;

**2)** decides that the total amount of the capital increases that may be carried out in this respect may not lead to the share capi6tal, which amouts to €112,371,148.20 as of December 31st, 2016, being increased to an amount of over €157,319,607. The increases that may be carried out pursuant to the fifteenth resolution voted by the Annual General Meeting on April 20th, 2016 and the twelfth, thirteenth and fourteenth resolutions put to the vote of this General Meeting will also be charged against this ceiling, it being specified that this total nominal amount does not take into account adjustments that may be made in accordance with the applicable provisions of the laws and regulations, and where applicable, the contractual provisions providing for other cases of adjustment, to preserve the rights of holders of free shares or stock options for the subscription and purchase of shares. It corresponds to a maximum increase of 40% of the capital;

**3)** decides, if the Board of Directors uses this delegation of authority, that the shareholders will have a preferential subscription right to the shares issued pursuant to this resolution, in proportion to the amount of their shares. If subscriptions made by shareholders by way of right and, where applicable, for excess shares on the basis of the shares they hold have not covered the full number of shares issued, the Board of Directors will be able to offer to the public some or all of the shares not subscribed or limit the increase in capital to the amount of the subscriptions on condition that it reaches at least three-quarters of the increase in capital decided;

**4)** decides that the transactions involving an increase in the share capital may be carried out any time, in compliance with the regulations in force on the date of the transactions in question. However, 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 implement this delegation of authority during the public offer period without the prior authorisation of the Annual General Meeting;

**5)** decides that the Board of Directors will have full powers, with the possibility to delegate further under the conditions set by law, to implement this delegation of authority within the limits and under the conditions set out above in order to set the terms and conditions of the increases in capital and, in particular, in general, to carry out all actions and formalities, take all decisions and enter into all agreements that are useful or necessary to successfully carry out the share issues made pursuant to this delegation of authority and to record the final completion of the increase(s) in capital carried out pursuant to this delegation of authority and amend the Articles of Association accordingly;

**6)** records that this delegation of authority renders ineffective any prior delegation for the same purpose.

## RESOLUTION 12: DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL VIA THE CAPITALISATION OF SHARE PREMIUMS, RESERVES, PROFITS OR OTHER AMOUNTS

### STATEMENT OF REASONS

It is proposed that the Annual General Meeting delegate to the Board of Directors its authority to increase the share capital *via* the capitalisation of share premiums, reserves, profits or other amounts.

The maximum nominal amount of the capital increases that may be carried out for this purpose will be equal to the total amount of the sums that may be capitalised and will be charged against the amount of the total ceiling provided for in the eleventh resolution of this General Meeting.

In the event of a free share issue, the rights of allotment representing fractional shares will not be negotiable or transferable. The corresponding shares will be sold and the amounts resulting from the sale will be allocated to the holders of such rights.

This delegation of authority would be valid for a period of 26 months as from the date of the Annual General Meeting, it being specified that, in the event of the filing of a public offer by a third party with regard to the Company's shares, 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.

### *Twelfth resolution: delegation of authority to the Board of Directors to increase the share capital via the capitalisation of share premiums, reserves, profits or other amounts*

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 in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code, and in particular Article L. 225-130 of the French Commercial Code:

**1)** delegates to the Board of Directors, with the possibility to delegate further, its authority to decide on one or more increases in the share capital *via* the capitalisation of share premiums, reserves, profits or other amounts that may be capitalised in the form of the allotment of free shares or an increase in the par value of the existing shares or by the joint use of both these processes. The delegation of authority granted in this manner to the Board of Directors is valid for a period of 26 months as from the date of this Annual General Meeting;

**2)** decides that the maximum nominal amount of the capital increases that may be carried out for this purpose will be equal to the total amount of the sums that may be capitalised and will be charged against the amount of the total ceiling provided for in the eleventh resolution of this General Meeting. This total nominal amount does not take into account adjustments that may be made in accordance with the applicable provisions of the laws and regulations, and where applicable, the contractual provisions providing for other cases of adjustment to preserve the rights of holders of free shares or stock options for the subscription and purchase of shares;

**3)** decides, if the Board of Directors uses this delegation of authority, that, where applicable, in accordance with the provisions of Article L. 225-130 of the French Commercial Code, the rights representing fractional shares will not be negotiable or transferable and that the corresponding shares will be sold; the amounts resulting from the sale will be allocated to the holders of the rights under the conditions and within the time periods provided for by the applicable regulations;

**4)** decides that the transactions involving an increase in the share capital may be carried out any time, in compliance with the regulations in force on the date of the transactions in question. However, 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 implement this delegation of authority during the public offer period without the prior authorisation of the Annual General Meeting;

**5)** decides that the Board of Directors will have full powers, with the possibility to delegate further under the conditions set by law, to implement this delegation of authority within the limits and under the conditions set out above in order to set the terms and conditions of the increases in capital and, in particular, in general, to carry out all actions and formalities, take all decisions and enter into all agreements that are useful or necessary to successfully carry out the share issues made pursuant to this delegation of authority and to record the final completion of the increase(s) in capital carried out pursuant to this delegation of authority and amend the Articles of Association accordingly;

**6)** records that this delegation of authority renders ineffective any prior delegation for the same purpose.

## RESOLUTIONS 13 AND 14: DELEGATIONS OF AUTHORITY TO THE BOARD OF DIRECTORS IN ORDER TO ENABLE IT TO CARRY OUT A CAPITAL INCREASE RESERVED FOR EMPLOYEES AND CERTAIN CATEGORIES OF EMPLOYEES INTERNATIONALLY, WITH CANCELLATION OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHT

### STATEMENT OF REASONS

The delegation of authority granted to the Board of Directors to carry out increases in the share capital provided for in the eleventh resolution 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.

It is accordingly proposed to the General Meeting, pursuant to the thirteenth resolution, to delegate to the Board of Directors the authority to decide on an increase in capital in favour of the Group's employees who are members of an employee savings scheme.

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

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

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

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

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

The Annual General Meeting is therefore asked to delegate to the Board of Directors, pursuant to the thirteenth and fourteenth resolutions, the authority to decide to carry out the increase in capital of the Company on one or more occasions within the limit of 1% of the share capital, namely for information purposes at December 31st, 2016 through the issue of 5,618, 557 new shares, this ceiling being applicable jointly to the thirteenth and fourteenth resolutions. The amount of the increases in capital that may be carried out on the basis of the thirteenth and fourteenth resolutions would be charged against the overall ceiling for increases in capital provided for in the eleventh resolution.

### *Thirteenth resolution: delegation of authority to the Board of Directors in order to enable it to carry out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right*

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

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

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

**3)** sets the period of validity of this delegation at 26 months as from the date of this Annual General Meeting; it being specified that in the event of filing of a public offer by a third party with regard to the shares of the Company, the Board of Directors will not be able to use this authorisation during the public offer period without the prior authorisation of the Annual General Meeting.

**4)** decides to set at 1% of the share capital existing at the date of this Annual General Meeting, the increase in capital that could thus be carried out (namely, for information purposes, at December 31st, 2016, an increase in the share capital by a maximum nominal amount of €1,123,711 through the issue of 5,618,557 new shares), it being specified that the cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the fourteenth resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting which constitutes a ceiling which applies jointly to the thirteenth and fourteenth resolutions;

**5)** decides that the amount of the increases in capital that may be carried out pursuant to this resolution will be charged against the total ceiling for increases in capital provided for in the eleventh resolution;

**6)** decides that the subscription price may include a discount as compared with the average of the trading prices on the Euronext Paris market for the 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;

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

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

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

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

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

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

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

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

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

**5)** decides to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that could thus be carried out (namely, for information purposes, at December 31st, 2016, an increase in the share capital by a maximum nominal amount of €1,123,711 through the issue of 5,618,557 new shares), it being specified that the cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the thirteenth resolution may not exceed the maximum amount of 1% of the share capital existing at the date of this Annual General Meeting which constitutes a ceiling which applies jointly to the thirteenth and fourteenth resolutions;

**6)** decides that the amount of the increases in capital that may be carried out pursuant to this resolution will be charged against the total ceiling for increases in capital provided for in the eleventh resolution submitted to this Annual General Meeting;

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

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

## RESOLUTION 15: HARMONISATION OF THE ARTICLES OF ASSOCIATION WITH ARTICLE 787 B OF THE FRENCH TAX CODE

### STATEMENT OF REASONS

The system of lock-up agreements entered into pursuant to Article 787 B of the French Tax Code is a tax system set up by the law of August 1st, 2003 which aims at favouring the transmission of companies in consideration of lock-up agreements, known as "Dutreil Agreements", with a view to ensuring lasting, stable family share ownership in the companies.

L'Oréal was informed that the members of the Bettencourt Meyers family group, as well as the Company's Chairman and Chief Executive Officer, Mr. Jean-Paul Agon for 100 shares, signed on December 16th, 2016 lock-up agreements concerning 185,704,189 L'Oréal shares, representing 33.065% of the Company's capital and voting rights at the date of the agreement. These lock-up agreements were concluded in application of Articles 787 B and 885 I bis of the French Tax Code for a period of two years, tacitly renewable for one-year periods. They do not include any preferential rights for sales or acquisitions for the benefit of the signatories and do not constitute a concerted action vis-à-vis the Company.

In order to enable transmissions with the reservation of beneficial ownership to be carried out in accordance with the regime of lock-up agreements concluded pursuant to Article 787 B of the French Tax Code, the law requires the beneficial owner's voting rights to be limited by the Articles of Association to decisions concerning the allocation of profits.

It is thus proposed to the Annual General Meeting that it include this legal provision in the Articles of Association. It would only apply to the exercise of the voting rights attached to the shares that are the subject of a gift with reservation of beneficial ownership within the scope of the provisions of Article 787 B of the French Tax Code without amending in any way whatsoever the current provisions of the Articles of Association concerning the rights of the other shareholders.

### *Fifteenth resolution: harmonisation of the Articles of Association with Article 787 B of the French Tax 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, decides to supplement the 5th paragraph of Article 7 in order to bring it into line with Article 787 B of the French Tax Code:

| Current version | Proposed new version |
|---|---|
| For all General Shareholders' Meetings, the voting right belongs to the beneficial owner. | For all General Shareholders' Meetings, the voting right belongs to the beneficial owner.<br>However, for the shares that are the subject of a gift with reservation of beneficial ownership in accordance with the provisions of Article 787 B of the French Tax Code, the beneficial owner's voting right is limited to the decisions concerning the allocation of profits. |

## RESOLUTION 16: 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.

### *Sixteenth resolution: powers for formalities*

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

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

The share capital amounted to €112,371,148.20 as of December 31st, 2016, it was divided into 561,855,741 shares with a par value of €0.20 each, all of the same class and ranking *pari passu*.

The table set out below which summarises (particularly in application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code) the currently valid authorisations granted to the Board of Directors by the Annual General Meeting of shareholders concerning the capital. It shows the use made of such authorisations over the financial year and presents the authorisations which are to be put to the vote at the Annual General Meeting on April 20th, 2017.

| | Authorisations in force | | | | Authorisations proposed to the Annual General Meeting of April 20th, 2017 | | |
|---|---|---|---|---|---|---|---|
| | Date of AGM (resolution No.) | Length (expiry date) | Maximum authorised amount | Use made of the authorisation in 2016 | Resolution No. | Length | Maximum ceiling |
| **Share capital increases** | | | | | | | |
| Capital increase through the issue of shares with maintenance of preferential subscription rights | April 22nd, 2015 (8th) | 26 months (June 22nd, 2017) | An increase in the share capital to €157,144,508 | None | 11th | 26 months (June 20th, 2019) | An increase in the share capital to €157,319,607 (1) |
| Capital increase *via* the capitalisation of share premiums, reserves, profits or other amounts | April 22nd, 2015 (8th) | 26 months (June 22nd, 2017) | An increase in the share capital to €157,144,508 | None | 12th | 26 months (June 20th, 2019) | An increase in the share capital to €157,319,607 |
| Capital increase reserved for L'Oréal employees savings plan (PEE) | April 20th, 2016 (16th) | 26 months (June 20th, 2018) | 1% of share capital at the date of the Annual General Meeting (*i.e.* a maximum of 5,629,833 shares at December 31st, 2015) | None | 13th | 26 months (June 20th, 2019) | 1% of share capital at the date of the Annual General Meeting (*i.e.* a maximum of 5,618,557 shares at December 31st, 2016) (2) |
| Capital increase reserved for employees of foreign subsidiaries | N/A | NLA | N/A | N/A | 14th | 18 months (October 20th , 2018) | 1% of share capital at the date of the Annual General Meeting (*i.e.* a maximum of 5,618,557 shares at December 31th, 2016) (2) |
| **Buyback by the Company of its own shares** | | | | | | | |
| Buyback by the Company of its own shares | April 20th, 2016 (13th) | 18 months (October 20th, 2017) | 10% of share capital on the date of the buybacks (*i.e.*, as an indication, 56,298,334 shares at December 31st, 2015) | 3,202,500 (3) | 9th | 18 months (October 20th, 2018) | 10% of share capital on the date of the buybacks Annual General Meeting (i.e., as an indication, 56,185,574 shares at December 31st, 2016) |
| **Reduction in the share capital *via* cancellation of shares** | | | | | | | |
| Cancellation of shares purchased by the Company within the scope of Article L. 225-209 of the French Commercial Code | April 20th, 2016 (14th) | 26 months (June 20th, 2018) | 10% of share capital on the date of cancellation per 24-month period (*i.e.*, as an indication, 56,298,334 shares at December 31st, 2015) | 3,202,500 | | | |
| Cancellation of shares purchased by the Company within the scope of Article L. 225-208 of the French Commercial Code | April 20th, 2016 (14th) | 26 months (June 20th, 2018) | 750,000 shares | None | | | |
| **Stock options and free grants of shares** | | | | | | | |
| Grant of existing free shares or shares to be issued to the employees | April 20th, 2016 (15th) | 26 months (June 20th, 2018) | 0.6% of share capital on the date of the decision to grant the shares | 906,100 | | | |

*(1) This is a overall ceiling for increases in capital. It corresponds to a maximum increase of 40% of the capital. The increases that may be carried out pursuant to the 15th resolution voted by the Annual General Meeting on April 20th, 2016 and the 12th, 13th and 14th resolutions put to the vote of the General Meeting will also be charged against this ceiling.*

*(2) The cumulative amount of the increases in share capital that may be carried out pursuant to the 13th and 14th resolutions may not exceed the maximum amount of 1% of the share capital which constitutes a ceiling which applies jointly to these two resolutions.*

*(3) It is specified that the share buyback transactions carried out in February and March 2016 were carried out within the scope of the authorisation granted by the Annual General Meeting on April 22nd, 2015 which expired on October 22nd, 2016.*

# 5

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

## APPOINTMENT PROPOSED TO THE ANNUAL GENERAL MEETING

**PAUL BULCKE**

Belgian
Age: 62
Mr. Paul Bulcke has pursued an international career at Nestlé since 1979, particularly in Latin America and Europe. He was appointed as Executive Vice-President of Nestlé S.A. in 2004 in charge of the Americas Divisions. He was Chief Executive Officer of Nestlé S.A. from 2008 to 2016 and the Board of Directors of Nestlé S.A. has proposed to appoint Mr. Paul Bulcke as President of the Board of Directors of Nestlé S.A. (Annual General Meeting of Nestlé S.A. on April 6th,2017). He is also a Director of Roche Holding in Switzerland.

Professional address:
Nestlé – Avenue Nestlé, 55 – CH 1800 Vevey – Switzerland
Holds 1'650 L'Oréal shares

| MAIN CORPORATE OFFICES HELD OUTSIDE L'OREAL | | |
|---|---|---|
| Nestlé S.A.* | Director whose appointment as President of the Board of Directors of Nestlé S.A. is proposed by the Board of Directors of Nestlé S.A. (Annual General Meeting of Nestlé S.A. on April 6th,2017) | |
| Nestlé Skin Health S.A. (Switzerland) | Member of the Strategic Advisory Board | |
| Nestlé Health Science S.A. (Switzerland) | Member of the Strategic Advisory Board | |
| **OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD** | | |
| **Foreign company** | | |
| Roche Holding Ltd (Switzerland)* | Member of the Board of Directors | |
| **Others** | | |
| Consumer Goods Forum | Member of the Board of Directors and Member of the Governance Committee | |
| *Table Ronde des Industriels Européens* (Belgium) | Member | |
| International Business Council of the Worldwide Economic Forum (WEF) (Switzerland) | Member | |
| *Fondation d'Avenir Suisse* (Switzerland) | Board Member | |
| **CORPORATE OFFICES AND DIRECTORSHIPS OVER THE LAST FIVE YEARS THAT HAVE EXPIRED** | | **Expiry date of term of office** |
| **French company** | | |
| L'Oréal | Director | 2014 |
| **Foreign companies** | | |
| Cereal Partners Worldwide (Switzerland) | Co-Chairman of the Supervisory Board | 2016 |
| Nestlé S.A. | Chief Executive Officer | 2016 |

* *Listed companies.*

# RENEWALS PROPOSED TO THE ANNUAL GENERAL MEETING

## FRANÇOISE BETTENCOURT MEYERS

French
Age: 63
Daughter of Mrs. Liliane Bettencourt and granddaughter of the founder of L'Oréal, Eugène Schueller. She has been the Chairwoman of the family-owned holding company Téthys since January 31st, 2012, is the Chairwoman of the Supervisory Board of the investment subsidiary Téthys Invest, Chairwoman of the Bettencourt Schueller Foundation and Honorary President of the Agir Pour l'Audition Foundation. She has been a Director of L'Oréal since 1997 and a member of the Strategy and Sustainable Development Committee since 2012.

**EXPIRY DATE OF TERM OF OFFICE 2017**

- Professional address: Téthys – 27-29, rue des Poissonniers – 92200 Neuilly-sur-Seine
- Holds 24,443 L'Oréal shares in absolute ownership and 33,141,389 shares in bare ownership

| OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD | |
|---|---|
| **French companies** | |
| Téthys SAS | Chairwoman<br>Chairwoman of the Supervisory Board |
| Téthys Invest SAS | Chairwoman of the Supervisory Board |
| Financière l'Arcouest SAS | Chairwoman |
| Société Immobilière Sebor SAS | Chairwoman |
| **Others** | |
| Bettencourt Schueller Foundation | Chairwoman of the Board of Directors |
| Agir Pour l'Audition Foundation | Honorary President and member of the Board of Directors |

| CORPORATE OFFICES AND DIRECTORSHIPS OVER THE LAST FIVE YEARS THAT HAVE EXPIRED | | Expiry date of term of office |
|---|---|---|
| **French company** | | |
| Clymène SAS | Chairwoman | 2012 |

## VIRGINIE MORGON

French
Age: 47
Deputy Chief Executive Officer of Eurazeo which she joined in 2008 after working for 16 years at Lazard, and President and CEO of Eurazeo North America Inc. (USA), Virginie Morgon has been a Director of L'Oréal since 2013 and is Chairwoman of the Audit Committee.
She is Vice-Chairwoman of the Board of Directors of Moncler SpA, Chairwoman of the Supervisory Board of Asmodee Holding and Eurazeo PME, Director of Abasic (Desigual), member of the Supervisory Board of Grandir (Les Petits Chaperons Rouges) and of Vivendi. She is also Vice-President of the Paris Committee of Human Rights Watch.

**EXPIRY DATE OF TERM OF OFFICE 2017**

- Professional address: 1, rue Georges Berger – 75017 Paris
- Holds 1,000 L'Oréal shares

| | | |
|---|---|---|
| **MAIN CORPORATE OFFICE HELD OUTSIDE L'ORÉAL** | | |
| Eurazeo * [E] | Deputy CEO and Member of the Executive Board | |
| **OTHER CORPORATE OFFICES AND DIRECTORSHIPS HELD** | | |
| **French companies** | | |
| Eurazeo PME [E] | Chairwoman of the Supervisory Board | |
| Grandir[E] (Les Petits Chaperons Rouges investment) | Member of the Supervisory Board | |
| Asmodee Holding [E] | Chairwoman of the Supervisory Board | |
| Legendre Holding 43[E] (People Doc investment) | Chairwoman | |
| Legendre Holding 44[E] (Fintrax investment) | Chairwoman | |
| Legendre Holding 47[E] (Les Petits Chaperons Rouges investment) | Chairwoman | |
| Vivendi * | Member of the Supervisory Board | |
| **Foreign companies** | | |
| Abasic SL (Spain) [E] | Director | |
| Eurazeo North America Inc. (USA) [E] | President | |
| Moncler SpA (Italy) * [E] | Vice-Chairwoman of the Board of Directors | |
| **Other** | | |
| Human Rights Watch | Vice-President of Paris Committee | |
| **CORPORATE OFFICES AND DIRECTORSHIPS OVER THE LAST FIVE YEARS THAT HAVE EXPIRED** | | **Expiry date of term of office** |
| **French companies** | | |
| AccorHotels | Director | 2016 |
| Elis | Member of the Supervisory Board | 2016 |
| Holdelis | Member of the Board of Directors | 2016 |
| LH APCOA | Chief Executive Officer | 2016 |
| Legendre Holding 45 | Chairwoman | 2016 |
| Legendre Holding 46 | Chairwoman | 2016 |
| Elis | Chairwoman of the Supervisory Board | 2015 |
| Holdelis | Chairwoman of the Board of Directors | 2014 |
| Legendre Holding 33 | Chairwoman | 2014 |
| Edenred | Director | 2013 |
| OFI Private Equity Capital (now Eurazeo PME capital) | Chairwoman of the Supervisory Board | 2012 |
| **Foreign companies** | | |
| APCOA Group GmbH (Germany) | Managing Director | 2016 |
| Broletto 1 Srl (Italy) | Chairwoman of the Board of Directors | 2015 |
| Euraleo Srl (Italy) | Managing Director | 2015 |
| APCOA Parking AG (Germany) | Chairwoman of the Supervisory Board | 2014 |
| APCOA Parking Holdings GmbH (Germany) | Chairwoman of the Advisory Board | 2014 |
| Intercos SpA (Italy) | Managing Director | 2014 |
| Sportswear Industries Srl (Italy) | Director | 2013 |
| **Other** | | |
| Women's Forum (WEFCOS) | Member of the Board of Directors | 2014 |

* *Listed companies.*
E *Subsidiaries or investments managed by Eurazeo (whether alone or in concert).*

# 6

# Statutory Auditors' Reports

## STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(Year ended December 31, 2016)

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of L'Oréal;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

*I. Opinion on the financial statements*

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Without qualifying our opinion, we draw your attention to the matter set out in Notes 1.5, 11, 12 and 14 to the financial statements which describe the impact on the balance sheet items as of January 1, 2016 deriving from regulation 2015-06 of the French Accounting Standards Authority (*Autorité des Normes Comptables* – ANC) relating to the accounting treatment of "merger deficits" (intangibles assets).

*II. Justification of our assessments*

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

Investments have been valued in accordance with the accounting methods described in Note 1.7.1 "Accounting policies – Financial Assets – Investments" to the Company's financial statements. As part of our audit, we reviewed whether these accounting methods were appropriate and evaluated the assumptions used.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

*III. Specific verifications and information*

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

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

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

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

Neuilly-sur-Seine, February 20, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**(Year ended December 31, 2016)**

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of L'Oréal;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

*I. Opinion on the consolidated financial statements*

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

*II. Justification of our assessments*

In accordance with the requirements of article L.823-9 of French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- L'Oréal performs impairment tests on goodwill and intangible assets with indefinite useful lives at least once a year and whenever there is an indication that an asset may be impaired, in accordance with the methods set out in Note 7.3 to the consolidated financial statements. We have reviewed the terms and conditions for implementing these impairment tests as well as the assumptions applied;
- Obligations relating to pensions, early retirement benefits and other related benefits granted to employees have been valued and recorded in accordance with the accounting policies described in Note 5.4 to the consolidated financial statements. We have reviewed and analyzed the valuation methods of these obligations, the data used and the assumptions applied.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

*III. Specific verification*

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's Management Report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, February 20, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

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

(Annual General Meeting held to approve the financial statements for the year ended December 31, 2016)

To the Shareholders,

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

It is our responsibility to communicate to you, based on information provided to us, the principal terms and conditions of these agreements and commitments brought to our attention or which we may have identified as part of our engagement, without expressing an opinion on their usefulness or their merit or identifying such other agreements or commitments, if any. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is our responsibility to communicate to you the information pursuant to article L.225-31 of the French Commercial Code relating to agreements and commitments previously approved by the Annual General Meeting during the year.

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

## Agreements and commitments subject to the approval of the Annual General meeting

Pursuant to article L.225-38 of the French Commercial Code, we hereby advise you that we have not been informed of any agreements or commitments signed during the year to be approved by the Annual General Meeting.

## Agreements and commitments previously approved by the Annual General meeting

Pursuant to article R. 225-30 of the French Commercial Code, we have been advised that the following agreement, previously approved by the Annual General Meeting of April 27, 2010 and mentioned in our Statutory Auditors' special report of February 19, 2010, has remained in effect during the year.

### *Agreement concerning Jean-Paul Agon*

- Suspension of Mr Jean-Paul Agon's employment contract during the period of his corporate office.
- Elimination of all rights to indemnification in respect of Mr Jean-Paul Agon's corporate office.

  In the event of departure, and depending on the reasons, Mr Jean-Paul Agon would only be paid the dismissal indemnities, except in the event of gross misconduct or gross negligence, or retirement indemnities in the event of voluntary retirement or retirement at the Company's request 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 executives, 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.

  Remuneration in respect of the corporate office will in no event be taken into consideration for calculation of the indemnities due pursuant to the collective bargaining agreement and the company-level agreements applicable to all L'Oréal executives.

  Mr Jean-Paul Agon will continue to benefit from the defined benefit pension scheme currently applicable to the Group's senior managers.

- Terms and conditions relating to the suspension of Mr Jean-Paul Agon's employment contract:
  - The reference remuneration to be used to calculate all the rights attached to the employment contract and in particular to compute the pension under the defined benefit scheme will be based on the amount of remuneration under the employment contract when it was suspended in 2006, namely fixed remuneration of €1,500,000 and variable remuneration of €1,250,000. This reference 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 1, 2017, the fixed remuneration amounts to €1,672,500 and the variable remuneration to €1,393,750.
  - The length of service applied will take into consideration his entire career, including the years during which he was Chairman and Chief Executive Officer.
- Mr Jean-Paul Agon will maintain the status of senior manager throughout the period of his corporate office, so that he may continue to benefit from the additional social protection schemes and in particular the employee benefit and healthcare schemes available to the Company's employees.

Neuilly-sur-Seine, February 20, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

Deloitte & Associés
Frédéric Moulin

# STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL RESERVED FOR EMPLOYEES OF THE COMPANY

**(Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017 - Thirteenth resolution)**

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 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 cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the fourteenth resolution may not exceed the maximum amount of 1% of the share capital existing at the date of the present Annual General Meeting, and that the amount of the increases in share capital that may be carried out, either immediately or in the future, pursuant to this resolution will be charged against the total ceiling for increases in share capital provided for in the eleventh resolution of this Annual General Meeting. Générale.

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 shareholders' preferential subscription rights and on certain other information concerning the issuance, presented in this report.

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

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

As the final terms and conditions of the issue(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 if and when the Board of Directors exercises this delegation of authority to carry out the issue of shares or securities carrying rights to other securities, or the issue of securities carrying rights to securities to be issued.

Neuilly-sur-Seine, February 20, 2017

The Statutory Auditors

| PricewaterhouseCoopers Audit<br>Gérard Morin | Deloitte & Associés<br>Frédéric Moulin |
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# STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL RESERVED FOR THE BENEFIT OF CATEGORIES OF BENEFICIARIES CONSISTING OF EMPLOYEES OF FOREIGN SUBSIDIARIES WITHIN THE SCOPE OF AN EMPLOYEE SHARE OWNERSHIP PROGRAMME

**(Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017 - Fourteenth resolution)**

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 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 one or several categories of beneficiaries meeting the following characteristics: (i) employees and executive officers of affiliates of the Company under the conditions of Article L.225-180 of the French Commercial Code and Article L.3341-1 of the French Labor Code (*Code du travail*), which have their registered office outside France and/or (ii) in favor of UCITS or other entities governed by French or foreign law, whether or not they have legal personality, for employee share ownership scheme invested in shares of the Company whose unitholders or shareholders will consist of the persons mentioned in paragraph (i) or enabling the persons mentioned in paragraph (i) to benefit, either directly or indirectly, from a system of employee share ownership or a Company employee share savings scheme, a transaction on which you are asked to vote.

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 cumulative amount of the increases in share capital that may be carried out pursuant to this resolution and the thirteenth resolution may not exceed the maximum amount of 1% of the share capital existing at the date of the present Annual General Meeting, and that the amount of the increases in share capital that may be carried out, either immediately or in the future, pursuant to this resolution will be charged against the total ceiling for increases in share capital provided for in the eleventh resolution of this Annual General Meeting.

On the basis of its report, the Board of Directors asks you to delegate, for a period of eighteen 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 shareholders' preferential subscription rights and on certain other information concerning the issuance, presented in this report.

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

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

As the final terms and conditions of the issue(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 if and when the Board of Directors exercises this delegation of authority to carry out the issue of shares or securities carrying rights to other securities, or the issue of securities carrying rights to securities to be issued.

Neuilly-sur-Seine, February 20, 2017

The Statutory Auditors

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Gérard Morin

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Frédéric Moulin

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# Request for provision of statutory documents and information (1)

## ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING OF APRIL 20TH, 2017

Documents may be viewed or downloaded on the Company's Internet website:
www.loreal-finance.com

I, the undersigned:...........................................................................................................................

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

Address: ..........................................................................................................................................

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

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

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

Registered with (2) .............................................................................................................................

request that the document and information provided in Articles R. 225-81 and R. 225-83 of the French Commercial Code concerning the General Meeting to be held on April 20th, 2017, be sent to me at the above address.

Signed in ......................................................, on ..............................................................2017

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

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

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Photo credits: Urban Decay
Cover: L'Oréal dedicates the 2016 Annual Report cover page to the American make-up brand Urban Decay, "prestige beauty brand winner of the year" by WWD magazine.
This image was chosen from the Vice Lipstick launch campaign, which is already a worldwide success.

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L'ORÉAL

# 2016 ANNUAL REPORT


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