

English version: With this document, the L'Oréal Group chooses to publish the Principal Adverse Impact (PAI) as requested by the Regulation (EU) 2019/2088, completed by European Commission Delegated Regulation (EU) 2022/1288 (hereinafter the SFDR: Sustainable Finance Disclosure Regulation) to demonstrate the company's commitment to transparency and accountability and to respond to investor reporting demands. The data provided is as of December 31st, 2025, and can also be found in the 2025 Universal Registration Document (URD), published on the loreal-finance.com website. We encourage external stakeholders to review this document for a comprehensive overview of L'Oréal's ESG performance.

Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors /

Adverse sustainability indicator	Metric	Impact 2025	Actions taken, planned and targets set
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Greenhouse gas emissions			
GHG emissions / Émissions de GES	Scope 1 GHG emissions	42,4 mtCO2e	2025 URD p.215 Section 4.2.5.3
	Scope 2 GHG emissions market-based	24,2 mtCO2e	2025 URD p.215 Section 4.2.5.3
	Scope 3 GHG emissions ¹	6 355 mtCO2e	2025 URD p.215 Section 4.2.5.3
	Total GHG emissions	6 421 mtCO2e	2025 URD p.215 Section 4.2.5.3
Carbon footprint	Carbon footprint	N/A	
GHG intensity of investee companies	GHG intensity of investee companies	146 teqCO2 / millions d'euros	2025 URD p.215 Section 4.2.5.3
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A - L'Oréal does not operate in the fossil fuel industry	

¹ For the sake of transparency, it is important to note that this category only includes direct emissions associated with the use of L'Oréal's products. Indirect emissions from the use of products (4,359,058 tCO2eq in 2025 and 4,324,488 tCO2eq in 2024) are not included because they are considered optional by the GHG Protocol.

Adverse sustainability indicator	Metric	Impact 2025	Actions taken, planned and targets set
Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Total energy consumption from fossil sources : 42 857 MWh Total renewable energy consumption : 963 899 MWh Total energy consumption: 1 006 756 MWh	2025 URD p.214 Section 4.2.5.2
Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	23 MWh/€m	2025 URD p.214 Section 4.2.5.2
Biodiversity			
Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A – Not material for L'Oréal	
Water / Eau			
Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Chemical oxygen demand (COD) post factory: 3 377 tonnes	URD 2025 p.226 Section 4.3.4.2
Waste / Déchets			
Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Hazardous waste: 24 863 tonnes Radioactive waste not material for L'Oréal	URD 2025 p. 240 Section 4.6.4.3
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			

Adverse sustainability indicator	Metric	Impact 2025	Actions taken, planned and targets set
Social and employee matters			
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	L'Oréal's policies are in line with the principles of the UNGP and the OECD guidelines.	
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	+ 2,5% excluding beauty advisors (in favour of women)	URD 2025 p.250 Section 4.7.5.8
Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	40% (calculated excluding Directors representing the employees, in accordance with article 20 of the AFEP-MEDEF Code and the French Commercial Code)	URD 2025 p. 197 Section 4.1.1
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A – L'Oréal is not involved in the manufacture or sale of controversial weapons	

Table 2 : Additional climate and other environment-related indicators

Adverse sustainability indicator	Metric	Impact 2025	Actions taken, planned and targets set
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Emissions			
Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average	N/A – Not material for L'Oréal	
Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average	Non-methane volatile organic compounds (NMVOC) : 866 tonnes	2025 URD p. 226 Section 4.3.4.1
Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average	N/A – Not material for L'Oréal	
Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	N/A – L'Oréal's climate targets are validated by the SBTi	
Energy performance			
Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	Fuel consumption from coal and coal products : 0 Fuel consumption from crude oil and petroleum products : 458 MWh Fuel consumption from natural gas : 1 704 MWh Fuel consumption from other fossil sources : 0 Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources : 40 695 MWh	2025 URD p.214 Section 4.2.5.2

Adverse sustainability indicator	Metric	Impact 2025	Actions taken, planned and targets set
		Total energy consumption from fossil sources : 42 857 MWh Consumption from nuclear sources : 0	
Water, waste and materials			
Water usage and recycling	1.Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies	Total water consumption : 954 075 m ³ Total water recycled and reused : 940 246 m ³	2025 URD p. 231 Section 4.4.4.2
Investments in companies without water management policies	Share of investments in investee companies without water management policies	N/A – Responsible Water Policy	2025 URD p. 227 Section 4.4.2
Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	Total water consumption in m3 in areas at water risk, including areas of high water stress: 383 008 m ³	2025 URD p.231 Section 4.4.4.2
Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006	N/A – Not material for L'Oréal	
Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing	N/A – Not material for L'Oréal	
Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies	N/A – Forest Policy – Sustainable Land Use Policy	2025 URD p. 232 Section 4.5.2 p. 255 Section 4.9.2.2
Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies	N/A – Not material for L'Oréal	

Adverse sustainability indicator	Metric	Impact 2025	Actions taken, planned and targets set
Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	Total amount of non-recycled waste: 52 726 tonnes Percentage of non-recycled waste: 34%	2025 URD p.240 Section 4.6.4.3
Natural species and protected areas	Share of investments in investee companies whose operations affect threatened species Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas	N/A - Forest Policy - Sustainable Land Use Policy	
Deforestation	Share of investments in companies without a policy to address deforestation	N/A - Forest Policy - Sustainable Land Use Policy	
<i>Green securities / Titres verts</i>			
Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds	N/A	

Table 3 : Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse impact on sustainability factors	Metric	Impact 2024	Actions taken, planned and targets set
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			
Social and employee matters / <i>Questions sociales et de personnel</i>			
Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	NA – Health and safety policy	2025 URD p. 240 Section 4.7.2.1.3 Section 4.7.2.2.3
Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	Enlarged Total Incident Rate (eTIR) ² : 1,37	2025 URD p. 250 Section 4.7.5.7.1
Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	Number of recordable work-related accident ³ : 270	2025 URD p. 250 Section 4.7.5.7.1
Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	Not applicable L'Oréal has several policies, including : - Code of Ethics - Human Rights Policy - Employee Human Rights Policy - Speak up program	2025 URD p. 264 Section 4.13.2
Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	Not applicable L'Oréal has several policies, including : - Code of Ethics - Human Rights Policy - Employee Human Rights Policy - Speak up program	
Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	Not applicable L'Oréal has several policies, including : -Code of Ethics -Human Rights Policy -Speak up <i>program</i>	2025 URD p.263 Section 4.13.1.1 Section 4.13.2.1 p. 264 Section 4.13.3.1

² This metric does not include workdays lost owing to commutes and first aid accidents

Incidents of discrimination	<ul style="list-style-type: none"> Number of incidents of discrimination reported in investee companies expressed as a weighted average Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average 	<ul style="list-style-type: none"> Total number of incidents of discrimination reported, including harassment : 25 Number of incidents of discrimination that have resulted in departures from the Group: 1 	<p>2025 URD p.250 Section 4.7.5.9</p> <p>2025 URD p.188 Section 3.6.7.1</p>
Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) by Zone : <ul style="list-style-type: none"> Europe 196 Latin America 71 North America 45 North Asia 80 SAPMENA & SSA 82 	2025 URD p.250 Section 4.7.5.7
Human Rights			
Lack of a human rights policy	Share of investments in entities without a human rights policy	Not applicable L'Oréal has several policies, including: Human Rights Policy	
Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	Not applicable L'Oréal has due diligence policies on issues covered by Core Conventions 1 to 8 of the International Labour Organisation	2025 URD p. 176 Section 3.6.4.1 2025 URD p. 243 Section 4.7.2.1.1
Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings	Not applicable L'Oréal has a Human Rights Policy	
Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation	N/A – Human Rights Policy	2025 URD p.254 Section 4.9.1.1
Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation	N/A – Human Rights Policy	2025 URD p.254 Section 4.9.1.1

Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	N/A – Human Rights Policy	2025 URD p.254 Section 4.9.1.1
Anti-corruption and anti-bribery			
Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	N/A – Not material for L'Oréal	
Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	N/A – Not material for L'Oréal	
Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	N/A – Not material for L'Oréal	