

L'Oréal

Société Anonyme

14, rue Royale
75008 Paris

Assurance report of the Statutory Auditors on selected social, environmental and other sustainable development information presented in the “Sharing Beauty With All progress report”

Year ended December 31, 2016

L'OREAL

Société Anonyme

14, rue Royale
75008 Paris

Assurance report of the Statutory Auditors on selected social, environmental, and societal information presented in the “Sharing Beauty With All” progress report

Year ended December 31, 2016

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

Pursuant to your request and in our capacity as Statutory Auditors of L'Oréal, we hereby present you with our assurance report on a selection of social, environmental, and other sustainable development information, presented in the “Sharing Beauty With All progress report” prepared for the year ended December 31, 2016, and identified by the signs (✓) or (✓✓).

Responsibility of the company

This information was established under the responsibility of the Operations, Human Relations and Corporate Social Responsibility Executive Management teams and prepared in accordance with the reporting criteria used by the L'Oréal Group (the “Reporting Criteria”) and available from the departments aforementioned.

The methodological note, which is available online at <http://www.sharingbeautywithall.com/en/resources>, describes the methods used for collecting and calculating the published indicators, as well as the inherent limitations to measure some of them.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Based on our work, it is our responsibility:

- to express limited assurance on the fact that certain information¹ selected by the L'Oréal Group and identified by the sign (✓) in the "Sharing Beauty With All progress report" are presented, fairly, in all material aspects, in accordance with the Reporting Criteria.
- to express reasonable assurance on the fact that other information² selected by the L'Oréal Group and identified by the sign (✓✓) in the "Sharing Beauty With All progress report" are presented, fairly, in all material aspects, in accordance with the Reporting Criteria.

To assist us in conducting our work, we referred to our sustainability experts.

We conducted our procedures in accordance with the professional standards of the French auditors association (Compagnie nationale des commissaires aux comptes), and with the international standard ISAE 3000³.

1. Limited assurance report on selected CSR information

Nature and scope of procedures

We held interviews with the people responsible for preparing the CSR Information in the departments in charge of the CSR Information collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to :

- assess the appropriateness of the Reporting Criteria with respect to its relevance completeness, reliability, neutrality and clarity, taking into consideration, when relevant, the sector's best practices;
- verify the set-up of a process to collect, compile, process, and check the selected information with regard to its completeness and consistency and obtain an understanding of the internal control and risk management procedures used to prepare the selected information.

¹ The information is the following: CO₂ emissions from transportation of sales units (in grams of CO₂ per sales unit per km), CO₂ emissions saved thanks to the "Carbon Balanced" project (in tonnes), percentage of brands which have evaluated their environmental or social impact (in %), percentage of brands which have conducted a consumer awareness initiative (in %), percentage of the Group's permanent employees benefiting from financial protection in the event of a non-work-related accident leading to personal injury including death or permanent disability (in %), percentage of the Group's permanent employees benefiting from healthcare coverage that reflects best practices in their country of residence (in %), percentage of the Group's employees who attended at least one training session (in %), percentage of the Group's strategic suppliers which have been evaluated and selected based on their environmental and social performance (in %), percentage of strategic suppliers which have completed a self-assessment of their sustainability policy with L'Oréal's support (in %), percentage of strategic suppliers which are involved in the "Solidarity Sourcing" programme (in %), number of people from underprivileged communities who were provided access to work, number of people who accessed work through the "Solidarity Sourcing" programme (including TBS), number of people in very difficult social or economic situations who received free vocational training in the beauty sector as part of the "Beauty for a Better Life" programme, number of people with disabilities working for L'Oréal, percentage of new or renovated products which have an improved environmental or social profile (in %), percentage of new or renovated products which have an improved environmental profile thanks to a new formula that reduces their environmental footprint (in %), percentage of new or renovated products which have an improved environmental profile thanks to a new formula that uses renewable raw materials that are sustainably sourced or derived from green chemistry (in %), percentage of new or renovated products which have an improved social profile because they incorporate raw materials from "Solidarity Sourcing" programmes (in %), percentage of new or renovated products which have an improved environmental profile thanks to a reduction in the environmental footprint of packaging.

² The information is the following: CO₂ emissions from plants and distribution centers (in kilotonnes, scopes 1 and 2 based on GHG Protocol methodology), water consumption in plants and distribution centers (in litres per finished products), waste generation in plants and distribution centres (in grams per finished product), percentage of waste recovered (in %), percentage of waste sent to landfill (in %).

³ ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

We determined the nature and scope of our tests and procedures based on the nature and importance of the selected information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Concerning the selected information identified by the sign (✓):

- for the consolidating entity, we reviewed the documentary sources and conducted interviews to cross check the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations as well as the consolidation of this information and we verified their consistency with other information detailed in L'Oréal Group's "Sharing Beauty With All progress report".
- for a representative sample of entities and sites that we have selected⁴ according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we have held interviews to verify the correct application of the procedures and identify possible omissions and implemented substantive tests on sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample covered 20 % of the Group's workforce and between 16 % and 29 % of selected environmental information.

Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the information selected by the L'Oréal Group and identified by the sign (✓) has been presented, in all material aspects, in accordance with the Reporting Criteria.

2. Reasonable assurance report on selected CSR information

Nature and scope of procedures

Regarding other information identified by the sign (✓✓), we carried out the same nature of work as described in the paragraph 1 above for CSR information considered as the most important but in a more thorough way, in particular, regarding the number of tests.

The selected sample represents 60% of the Group's produced units and between 51% and 76% of selected environmental information identified by the sign (✓✓).

We believe that this work allows us to express reasonable assurance on the information selected by the Group and identified by the sign (✓✓).

⁴ **Selected factories:** Afrique du Sud (South Africa), Allemagne (Germany), Brésil RIO (Brazil), Brésil SAO (Brazil), BRI (France), Egypte (Egypt), Fapagau (France), Florence (USA), Franklin (USA), Italie (Italy), Mexique (Mexico), Montréal (Canada), Pologne (Poland), Rambouillet (France), Russie (Russia), San Luis Potosi (Mexico), Sicos (France) et Turquie (Turkey)

Selected Distribution Centers (DC): DC Centurion (South Africa), DC Germany (Germany), DC Mexico (Mexico), DC Streetsboro (USA), DC Nottingham (UK) et DC Watersmead (UK)

Selected AS and R&I: SA Afrique du Sud, SA Italie, R&I Chevilley, SA Brésil, and SA Aulnay

Selected HR subsidiaries: Canada, USA, Mexico, Belgium et Poland

Conclusion

In our opinion, the Information selected by the Group and identified by the sign (✓✓) has been prepared, in all material respects, in accordance with the Reporting Criteria.

Neuilly-sur-Seine, April 14th, 2016

The Statutory Auditors,

Deloitte & Associés

Frédéric Moulin

Partner

Julien Rivals

*Partner, Sustainability
Services*

PricewaterhouseCoopers Audit

Gérard Morin

Partner

Sylvain Lambert

*Partner, Sustainability
Services*