
L'Oréal

Société Anonyme

14, rue Royale
75008 Paris

Assurance report of the statutory auditors on a selection of consolidated human resources, social and environmental information published in the progress report “*Sharing Beauty With All*”

For the year ended 31 December 2017

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This is a free English translation 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 standards applicable in France.

For the year ended 31 December 2017

In our capacity of Statutory Auditors of the company L’Oréal and on L’Oréal’s request, we present to you our report on the human resources, social and environmental information identified by the symbol (✓) or (✓✓) in the progress report “*Sharing Beauty With All*” of the L’Oréal Group for the year ended 31 December 2017.

Responsibility of the company

This information has been prepared under the responsibility of the Operations, Human Resources, and Corporate Social Responsibility departments of L’Oréal in accordance with the guidelines used by L’Oréal (hereafter the “Guidelines”) and available upon request from these departments.

The methodological note available in the section “Publications” on the website <https://sharingbeautywithall.loreal.com/resources> specifies the indicator data collection and calculation methodologies presented in addition to the limits inherent in the measurements in certain indicators.

Independence and Quality Control

Our independence is defined by regulatory texts, the code of deontology of the profession in addition to the provisions of the article L822-11 of the code of commerce. Furthermore, we have implemented a quality control system that includes policies and documented procedures aiming to ensure the respect of deontological rules, of the professional doctrine and of applicable legal and regulatory texts.

Responsibility of the statutory auditors

Based on our work, it is our responsibility to express at the request of the company:

- A conclusion of limited assurance on the fact that part of the information selected by the company (as mentioned in the appendix) and identified by the symbol (✓) in the progress report “*Sharing Beauty With All*” are presented in all material aspects in accordance with the Guidelines.
- A conclusion of reasonable assurance on the fact that the rest of the information selected by the company (as mentioned in the appendix) and identified by the symbol (✓✓) in the progress report “*Sharing Beauty With All*” were prepared in all material aspects in accordance with the Guidelines.

We were assisted in our work by our specialists in sustainable development.

We performed our work described below in accordance with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with the international standard ISAE 3000¹.

1. Limited assurance report on a selection of CSR information

Nature and scope of our work

Concerning the information selected by the company and identified by the symbol (✓), we have conducted the following diligences:

- We have examined, at group level, the reporting procedures set up by L’Oréal with regard to their relevance, completeness, reliability, neutrality and clarity.
- We have verified the set-up a process to collect, compile, process and check the selected information with regard to its completeness and consistency. We have also reviewed the internal control and risk management procedures used to prepare the selected information.
- We have conducted analytical procedures and verified calculations and data consolidation through various samplings. This work has especially been backed with interviews with persons from L’Oréal Sustainable Development Department in charge of data collection and consolidation.

¹ ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

We have selected a sample of entities for which:

- we have verified, through interviews with people in charge of data collection, the correct application of the Guidelines;
- we have conducted detailed testing on representative samples consisting in calculation verification and corroboration of that with supporting documents.

The following entities were selected:

- For human resources information selected: the activities in France, in Hong Kong, and in Spain, representing 20% of the headcount of the Group,
- For social information selected: the company headquarters of L'Oréal that centralizes all information,
- For environmental, health and safety information selected: South Africa, Germany, Brazil (DC Niely, Niely), China, (DC China, Nansha, Suzhou, Yichang), Spain (Burgos, SA Josefa Valcarcel, Sales Spain), USA (DC S. Brunswick, DC Walton, Littlerock, Piscataway), France (Aulnay, CAP, DC Roye, Chimex Mourenx, DC Vemars, Ormes, Rambouillet, R&I St Ouen, SA Aulnay, Saint Quentin), Inde (Baddi, Pune, R&I India, SA India), Indonesia (Jababeka), Italy (DC Italy), Japan (Cosmelor), Kenya, Pologne, UK (DC Trafford, SA UK Stores), Turkey, representing between 20% and 28% of the quantitative environmental information selected.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the human resources, societal and environmental information selected by the company and identified by the symbol (✓) is not presented fairly in accordance with the Guidelines.

2. Reasonable assurance report on a selection of CSR information

Nature and scope of our work

Regarding the other environmental information selected by L'Oréal and identified by the symbol (✓✓), we have conducted diligences similar to those described in part 1 above. We have however selected a more significant sample of entities on which;

- we have verified, through interviews with people in charge of data collection, the correct application of procedures and assessed the quality of internal control measures;
- we have conducted detailed testing on the basis of samples consisting in verifying the calculations and controls carried out and reconciling data with supporting documents.

The following entities were selected:

- South Africa, Germany, Brazil (DC Niely, Niely), China, (DC China, Nansha, R&I China, Suzhou, Yichang), Spain (Burgos, SA Josefa Valcarcel, Sales Spain), USA (DC S. Brunswick, DC Walton, Littlerock, Piscataway), France (Aulnay, CAP, DC Roye, Chimex

Mourenx, DC Vemars, Ormes, Rambouillet, R&I St Ouen, SA Aulnay, Saint Quentin), Inde (Baddi, Pune, R&I India, SA India), Indonesia (Jababeka), Italy (DC Italy), Japan (Cosmelor), Kenya, Poland, UK (DC Trafford, SA UK Stores), Turkey, representing 57% of units produced by the Group's manufacturing facilities.

Conclusion

Based on our work, the environmental information selected by the company and identified by the symbol (✓✓) were prepared, in all material aspects, in accordance with the Guidelines.

Neuilly-sur-Seine, 19 March 2018

The Statutory Auditors,

Original French version signed by the Statutory Auditors

Deloitte & Associés

PricewaterhouseCoopers Audit

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APPENDIX

Human resources, environmental and social information that was subject to limited assurance work and identified by the symbol (✓) in the progress report “*Sharing Beauty With All*”

- Human resources information
 - Percentage of the Group’s permanent employees that benefit from financial protection in the event of unexpected life events, such as death or total permanent disability (eligibility to health coverage).
 - Percentage of the Group’s permanent employees that have access to healthcare coverage reflecting best practices in their country of residence.
 - Percentage of the Group employees that benefitted from at least one training during the year
 - Total number of statutory employees with disability working for L’Oréal

- Environmental information
 - CO2 emissions linked to the transport of finished products (in tonnes), CO2 emissions saved in the framework of the project “Carbon Balanced” (in tonnes).
 - Percentage of the brands that have evaluated their environmental or human resources impact
 - Percentage of new or renovated products with an improved environmental or human resources profile
 - Percentage of new or renovated products with an improved environmental profile thanks to a new formula with a reduced environmental footprint
 - Percentage of new and renewed products presenting an improvement of their environmental profile thanks to a new formula integrating renewable or renewed raw materials sourced in a responsible way and presenting an improved environmental footprint, or respecting the green chemistry principles
 - Percentage of new or renewed products presenting an improved environmental profile, thanks to a package which environmental footprint has been reduced

- Social information
 - Percentage of the brands that have carried out an action to raise awareness among consumers.
 - Percentage of the Group’s strategic suppliers that have been evaluated and selected on the basis of their environmental and social performance.
 - Percentage of the strategic suppliers that have completed a self-assessment of their sustainability policy with the Group’s support
 - Percentage of strategic suppliers that are members of the Group’s Solidarity Sourcing programme.
 - Number of people from socially or financially deprived communities that accessed work.
 - Number of people that were hired via the “Solidarity Sourcing” programme.
 - Number of people in very precarious conditions, and trained for free to the beauty industry jobs in the frame of the “Beauty For a Better Life” programme.
 - Percentage of new or renewed products presenting an improved social profile integrating raw materials from “Solidarity Sourcing” programmes.

Environmental information that was subject to reasonable assurance work and identified by the symbol (✓✓) in the progress report “*Sharing Beauty With All*”

- Environmental information
 - CO₂ emissions from manufacturing facilities and distribution centres (in kilotons, Scope 1 & 2 according to the GHG Protocol)
 - Net water consumption by finished good units produced (l/FG)
 - Generation of waste in manufacturing facilities and distribution centres (g/FG)
 - Percentage of industrial waste sent to landfill from manufacturing facilities and distribution centres except for regulatory constraints
 - Percentage of waste recovered