

L'ORÉAL

CANADA

Report pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

For the Financial Year Ended December 31, 2023

Application

This report is made pursuant to subsection 11(2) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C., 2023, c.9 (the “Act”) and has been prepared on behalf of L’Oréal Canada Inc. and the applicable entities which it controls. As required by the Act, this report is made to the Minister of Public Safety and Emergency Preparedness and summarizes the steps that we have taken in the financial year ended December 31, 2023, to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or of goods imported into Canada by L’Oréal. The terms “we,” “our,” “Company,” and “L’Oréal Canada” as used in this document refer collectively to L’Oréal Canada Inc. and its subsidiaries, unless the context suggests otherwise. These terms are used for convenience only and are not intended as a precise description of any separate legal entity within L’Oréal. When used in this report, the terms “forced labor” and “child labor” have the meaning given to them by the Act.

Steps taken to prevent and reduce risks of forced labour and child labour

The L’Oréal Group’s human rights policy is based on the four Ethical Principles at the heart of our Global Code of Ethics: Integrity, Respect, Courage, Transparency. At L’Oréal, our efforts to prevent and reduce risks of forced labour and child labour are part of our wider human rights program. As with all human rights violations, the L’Oréal Group has a zero-tolerance policy regarding any type of forced labour and child labour.

As a signatory of the United Nations Global Compact since 2003, the L’Oréal Group is committed to respecting internationally recognised human rights. We support the Fundamental Conventions of the International Labour Organisation (“ILO”), even though these conventions have not been ratified by all the countries where we are present. L’Oréal wants to help end the exploitation of children in the workplace and the use of forced labour. At L’Oréal we also believe that we can contribute to positive human rights impacts by playing our role as a responsible corporate citizen, addressing the root causes of human rights abuse.

The L’Oréal Group has been widely recognised for its responsible business practices, including those related to human rights. In 2023, L’Oréal was recognised for the 14th time as one of the “World’s Most Ethical Companies” by the Ethisphere Institute. This ranking covers the world’s largest listed companies that have demonstrated a commitment to ethical business practices through programmes that positively impact employees, communities, and broader stakeholders, and contribute to sustainable and profitable long-term business performance.

Nevertheless, we are not complacent. As a Group, we are keen to be part of the movement that eradicates exploitative practices, once and for all. L’Oréal already has policies and procedures in place which help address this issue and, in the future, we will work to further strengthen them, and track our progress (both globally and here in Canada). This includes the Group’s Human Rights Policy, published in 2017 and the Employee Human Rights Policy, published in 2020. We recognise that modern slavery is a complex issue, which requires us to invest time and resources, and engage in collaboration such as through our

membership of the Decent Work in Global Supply Chains platform of the United Nations Global Compact (UNGC).

In addition, L'Oréal has taken the following steps to prevent and reduce the risk of forced labour and child labour occurring in its activities and supply chains:

Abolition of Child Labour:

L'Oréal has chosen to set a compulsory minimum hiring age of 16 for all staff; a minimum age which is higher than that required by Conventions no.138 and 182 of the ILO. All L'Oréal subsidiaries and suppliers are required to check the age of all new employees upon hire. L'Oréal prohibits the use of night-time work and hazardous work to employees under 18 and asks its suppliers to do the same.

Elimination of forced or compulsory labour:

L'Oréal refers to the definition of forced and compulsory labour as outlined in Convention no.29 of the ILO. Forced and compulsory labour is defined as *'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.'* All forms of forced labour carried out under physical constraint or threat is prohibited.

Terms of Contract:

In 2021, L'Oréal published its Mutual Ethical Commitment Letter to make public its requirements and commitment towards its suppliers, in line with its global ethics, corporate responsibility, human rights and compliance programmes and policies. This document covers human rights, working conditions, environmental stewardship, and business integrity, including the possibility for our business partners to use our whistleblowing system, L'Oréal Speak Up, if they feel that we are not living up to our own high ethical standards. We progressively roll out this new version to all suppliers worldwide. All L'Oréal's suppliers are expected to work to the Company's Agreement on the Supply of Goods and Services. This includes requirements that the "supplier undertakes to conduct its activity in compliance with internationally recognized Human Rights standards" and to "prohibit all types of forced labour".

The country purchasing teams have the task of identifying new suppliers and recruiting them through the Welcome on Board process. This process gives suppliers all the necessary information to understand L'Oréal's expectations and processes. The first objective is to obtain the supplier's commitment to our values. This is done through sharing our expectations relating to Human Rights and where appropriate the signing and submission of L'Oréal's Mutual Ethical Commitment Letter. This letter covers suppliers of raw materials, packaging components, contract manufacturing and point of sale/promotional materials.

Suppliers are also required to inform L'Oréal about any sub-contracting work. For indirect suppliers, and marketing services, the Mutual Ethical Commitment Letter must be sent and signed according to a specific set of rules based on known risks and business exposure.

Structure, Activities and Supply Chains

Structure:

L'Oréal, the world's largest beauty company, is headquartered at 14, rue Royale, Paris, France. L'Oréal Canada is a wholly owned subsidiary of L'Oréal SA and is part of the L'Oréal Group. The L'Oréal Group operates as a global business, replicated at regional and local levels. The L'Oréal Group's governance structure maintains a cohesive global business based on the strong Ethical Principles.

Activities:

The L'Oréal Group operates in 150 countries and employ more than 88,000 employees. The L'Oréal Group has 39 manufacturing facilities, 152 distribution centres, 20 research centres and 13 evaluation centres.

L'Oréal Canada's operations are focused on the corporate and business functions at its head office in Montreal, local distribution via its distribution centre in in Ville Saint-Laurent and a manufacturing facility in Ville Saint-Laurent. L'Oréal Canada operates a diversified portfolio of products from 40 beauty brands in Canada, across the categories of cosmetics, hair, fragrance, and skincare. L'Oréal Canada distributes beauty products to retailers across all Canada provinces and employs over 1,640 people across the country in various roles and functions, including sales, marketing, operations, and management.

Supply Chains:

L'Oréal Canada benefits from the L'Oréal Group's Integrated Production Model whereby products are manufactured in factories controlled and managed by L'Oréal SA. This production is supported by centralised research and development, evaluation centres and raw material procurement functions which are managed by the centralised Operations Division for L'Oréal SA in Paris.

The L'Oréal Group relies on both direct and indirect suppliers worldwide for raw ingredients which are purchased by the L'Oréal Group in Paris. For that reason, the sourcing of individual ingredients is outside of the scope of this report, but you can learn more about how we source at <https://inside-our-products.loreal.com/>.

L'Oréal Canada engages Indirect Suppliers and service providers in matters relating to property management, professional services, IT, transport, security, cleaning, catering, marketing, consulting, auditing, and other business-related services.

Policies and Due Diligence Processes

The following are the policies and due diligence processes that L'Oréal put in place aimed at preventing and mitigating the risks relating to the use of forced labour or child labour in its supply chains.

L'Oréal Human Rights Policy:

The Group published its first Human Rights Policy in 2017. This document is designed to share the Group's commitment around Human Rights issues with consumers, stakeholders, and other interested groups, and how this commitment is respected in practice. The policy was communicated to L'Oréal Canada employees in 2023.

This approach is based on internationally recognised standards, namely the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the ILO Core Conventions that address child labour, forced labour, non-discrimination, and the right to freedom of association and collective bargaining. Further information about the L'Oréal Human Rights Policy can be found at: <https://www.loreal.com/group/governance/acting-ethically/human-rights-policy>

L'Oréal Employee Human Rights Policy:

In 2020, L'Oréal launched a specific policy on Employee Human Rights that undertakes to respect a base of universal Human and Social Rights for its employees, regardless of their position or location in the world.

L'Oréal's Employee Human Rights Policy has been developed with input from internal and external stakeholders, including the Danish Institute for Human Rights and experts from the United Nations.

A particular focus of the policy is on securing a living wage for all L'Oréal employees worldwide. The Group will ensure that all employees receive at least the minimum salary set by local law or the applicable collective agreements, and that they receive a living wage that covers their basic needs, calculated in line with best practices.

Further information about the Employee Human Rights policy can be found at: <https://www.loreal.com/-/media/project/loreal/brand/sites/corp/master/lcorp/documents-media/publications/commitments/employee-human-right-policy.pdf>

L'Oréal Code of Ethics:

L'Oréal Code of Ethics is currently available in 30 languages. This Code of Ethics is the reference document that brings the Group's ethical principles into the daily professional life of every employee. It applies to all employees of the L'Oréal Group and its subsidiaries world-wide. Each employee has access to the digital version of the code, which was revamped in March 2023 and was accompanied by an e-learning to be confirmed by each employee. This code, in addition to other information about our ethical principles is available online at: <https://www.loreal.com/group/governance/acting-ethically.aspx> Internally, L'Oréal has held an annual 'Ethics Day' since 2009, which allows employees across the world to ask questions of the Company's CEO about the application of the Company's ethical principles (including on human rights).

In 2023, this took place during two live webcasts broadcast to all employees globally. Following that, we activated Ethics Day locally across all sites in Canada, with a full communications campaign. The Canada Country Manager took ethics-related questions from employees during a live video session.

In addition to Ethics Day, we communicate regularly throughout the year on ethics and related topics. During 2023, ethics communications and FIT presentations to new employees focused on encouraging employees to use the Speak Up platform, which allows L'Oréal employees and stakeholders (external staff, employees of providers or subcontractors, suppliers, clients, consumer, shareholders, and representatives of civil society) to raise any serious ethical concerns they may have so that we can address them. Reports made via this platform will be received by L'Oréal's Office of the Chief Ethics Officer.

Communication also focused on raising awareness of our ethical and human rights policies and helping employees understand how to escalate any concerns locally through our local ethics correspondent. All communication was sent via our Country Manager and amplified across all internal channels including our weekly all-employee newsletter and channels as digital screens/posters in areas with high foot traffic (for example, the cafeteria and reception).

Employees also have access to a dedicated intranet site, which provides additional information on ethics, including human rights.

Externally, the Group has invested considerable resources in sharing L'Oréal's Ethics programme and how it is implemented, via the Group Corporate website. This includes work on human rights, commitment to the United Nations Global Compact, 'Buy and Care' programme and our L'Oréal for the Future programme.

Forced Labour and Child Labour Risks

Social audits:

An assessment of actual and potential human rights risks in our own operations are currently driven by regular social audits conducted in Canada at all three sites.

As part of our social audit, no incidents of forced or compulsory labour, or child labour, were identified for L'Oréal Canada's own operations.

Risks in the global operations and supply chains are currently managed via social audits, which are led by the Purchasing Departments in each individual country. A social audit must be carried out for suppliers with whom L'Oréal has a direct relationship:

- Key raw material suppliers in high risk countries;
- All component suppliers in in high risk countries;
- All sub-contractors and contract manufacturers in all countries;
- All industrial equipment suppliers in in high risk countries;
- All Point of Sale / Promotional material suppliers in in high risk countries;
- All Point of Sale services providers (Co-packers) in all countries; and
- All cosmetic electronic device providers in in high-risk countries.

Our social audit process:

Semi-announced social audits are carried out by a specialised, independent auditing firm, and are conducted in the local language.

Audits are conducted against L'Oréal's General Terms of Purchase and Payment, and the SA8000 Social Accountability Standard. This includes 10 labour rights issues, including forced and compulsory labour.

In 2022 alone, L'Oréal conducted 1,145 social audits. Since 2006, more than 16,074 social audits have been conducted across the globe. Since 2002, our buyers have been implementing our responsible sourcing policy known as the 'L'Oréal Buy & Care' programme. Buyers assess and select strategic suppliers, considering CSR performance alongside quality, supply chain and services, innovation, and competitiveness. 'Strategic'

suppliers are suppliers whose added value is significant for the Group by contributing to L'Oréal's strategy through their weight, innovations, shared goals, and geographical representation.

The CSR pillar is an important part of our total assessment and covers both environmental and social considerations through a set of criteria including the results of social audits. Human rights due diligence is also considered during the key stages of our business activities – such as acquisitions and new partnerships. The responses to the ethics and human rights questionnaire submitted to target companies are intended to identify whether the risks related to a potential failing in the respect of human rights (namely child labour and forced labour) have been considered by such companies.

In line with previous years' commitments, L'Oréal revised the internal risk assessment process for human rights across the Company's own operations and supply chain.

The revised social audit process has been extended to cover a greater number of suppliers, has an updated list of high-risk countries (using the Verisk Maplecroft database), and contains an updated and broader range of questions (including on the topics of child labour, forced labour and hours of work). A global database has been introduced to facilitate the audit process.

Acting on risks:

Potential issues revealed during the audit process result in a Corrective Action Plan (CAP), which is reviewed by our suppliers before the auditors leave.

Audits are given a rating by the external auditors of 'Satisfactory', 'Needs Continuous Improvement', 'Needs Immediate Action' or 'Zero Tolerance'. Purchasing teams must follow upon the implementation of all CAPs by suppliers.

Sites rated as 'Zero Tolerance' must immediately halt production and are subject to a follow-up audit. The follow-up audit, which is paid for by the supplier, must be rated either 'Satisfactory' or 'Need Continuous Improvement' for trade relations and production to resume. The Purchasing team will also have to align with the Corporate Sourcing Director before any resumption of production takes place.

Remediation Measures

The Corporation has not identified risks related to forced or child labour in its supply chains at the moment. At L'Oréal, we are committed to respecting internationally recognised human rights which we do by ensuring that we always respect the relevant laws and abide by our internal Ethical Principles – Integrity, Respect, Courage, and Transparency.

We will continue to take all steps necessary to identify and address any actual or potential adverse impacts in which our business, or any of our subsidiaries may be involved, and will share our progress annually through these reports.

L'Oréal will play its full part in helping to reach the global objectives outlined above. In addition, we will continue to implement our on-going Social Audit programme to ensure that we can effectively manage the risks associated across our supply chain. Where applicable, suppliers and subcontractors will continue to sign up to our Mutual Ethical

Commitment Letter. All suppliers of labour will also continue to be required to sign an agreement committing to respecting Human Rights. Finally, we will continue to drive greater awareness of Modern Slavery issues, both within and outside our organisation through our on-going Ethics and Training programmes.

Remediation of Loss of Income

To date there have been no identified or reported instances of loss of income to vulnerable families that resulted from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Training

L'Oréal provides a range of internal training courses for all employees around ethical behaviour and ethical purchasing.

A specific, compulsory ethics e-learning course, which covers human rights has been mandatory for all employees since 2014. This is part of the induction process when an employee joins the Group. As of 31 December 2022, 87% of global employees with access to the online module had completed this course. There is also a compulsory training module on responsible purchasing practices for all new purchasing staff.

Externally the Group provides guidance and support, by sharing the audit questionnaire and process, with the organisation that conducts our social audits. L'Oréal also provides global supplier training sessions on our 'Buy & Care' programme and offers e-learning on the social audit process via a dedicated portal.

Assessing Effectiveness

L'Oréal's commitment to human rights and fundamental freedoms, the health and safety of people in the workplace and the environment is supported at the highest level of the Company by its Chairman and Chief Executive Officer who renews L'Oréal's commitment to the United Nations Global Compact each year. This is supported by the Board of Directors who place great importance on respecting L'Oréal's ethical principles – Integrity, Respect, Courage, and Transparency – and more generally its Code of Ethics.

The global Chief Corporate Responsibility Officer, a member of the Executive Committee, promotes a culture of respect for human rights and fundamental freedoms in the Group. This mission has been entrusted to her by L'Oréal's Chairman and Chief Executive Officer, to whom she reports. The Chief Corporate Responsibility Officer has a budget and a dedicated team composed of experts in Human Rights. She relies on all the Group's teams and resources to carry out her work.

The Human Rights Committee, chaired by the Chief Corporate Responsibility Officer and composed of representatives of the various activities, functions and geographic areas

(including Purchasing, HR, CSR, Safety, Security, etc.), allows coordination across the Group regarding the Group's Human Rights policy. Its primary objective is to enable the emergence of a human rights culture within the Group.

At a country level, Country Managers are responsible for ensuring compliance with human rights and fundamental freedoms. Human Resources teams locally, are responsible for promoting a culture of respect for human rights and fundamental freedoms.

Each country has an Ethics Correspondent that supports the different corporate functions and acts as a local point of contact for all ethics-related questions from employees. Employees, as well as all other stakeholders, can use the L'Oréal Speak Up website as a secure mechanism for raising concerns directly with their Ethics Correspondent.

In addition, as of 2020, each market has a Human Rights Correspondent who reports on human rights related issues or cases, as well as supporting local management coordinating with other internal stakeholders in relation to these issues.

Employees may contact their manager, their Human Resources Director, their Legal Director, their Purchasing Director, their Human Rights Correspondent, their Ethics Correspondent and, ultimately, the Global Ethics and Human Rights Departments if they have any questions about compliance.

Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of L'Oréal Canada Inc. for the financial year ended December 31, 2023. In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for L'Oréal Canada Inc. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the reporting year listed above.

Signed by:

(s) An Verhulst-Santos

An Verhulst-Santos
President and Chief Executive Officer, Director
L'Oréal Canada Inc.

May 21, 2024

Appendix

L'Oréal Group: Our Values & Ethical Principles

<https://www.loreal.com/en/group/governance-and-ethics/our-ethical-principles/#:~:text=We%20believe%20that%20the%20way,ethically%20day%2Dto%2Dday>

L'Oréal Group: Code of Ethics

<https://www.loreal.com/en/articles/commitments/code-of-ethics/>

L'Oréal Group: Speak Up Policy

<https://www.loreal.com/en/articles/commitments/speak-up-policy/>

L'Oréal Group: Human Rights Policy

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/l-oreal-human-rights-policy.pdf>

L'Oréal Group: Employee Human Rights Policy

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/employee-human-right-policy.pdf>

L'Oréal Group: Company Reference Document

<https://www.loreal-finance.com/eng/universal-registration-document>

L'Oréal Group: 2023 Annual Report

<https://www.loreal-finance.com/eng/annual-report>