

L'ORÉAL

L'ORÉAL ANNOUNCES THE LAUNCH OF A NEW CIRCULAR INNOVATION FUND TO SCALE BREAKTHROUGH CIRCULAR INNOVATIVE SOLUTIONS FROM AROUND THE WORLD

Managed by Demeter and Cycle Capital, the impact investing *Circular Innovation Fund* aims at scaling growth stage circular innovations

Clichy, 21st April 2022 – Acknowledging the increasing pressure on natural resources and the urgent need to scale-up circular economy solutions, L'Oréal announces on Earth Day the creation of the *Circular Innovation Fund*. As an anchor investor, L'Oréal is contributing 50M€ as part of its *L'Oréal for the Future* sustainability program to this new 150M€ fund. Operated by Demeter and Cycle Capital, pioneers and leading cleantech-focused capital managers firms, the Fund will also benefit from a broad range of investors including, strategic investor Axens, family offices including Haltra and Claridge, as well as private investors and the managers.

The *Circular Innovation Fund* will support start-ups and companies across North America, Europe and Asia, which are developing circular use of resources across various sectors, including new materials from the bioeconomy, circular solutions for packaging, recycling & waste, logistics, eco-efficient processes.

As an impact investing fund the *Circular Innovation Fund* utilizes a robust, reliable, and innovative impact measurement methodology which integrates due diligence and continued monitoring on critical non-financial KPIs including greenhouse gas emissions reductions, resource use and diversity over the investment horizons of portfolio companies.

Projects supported by the *Circular Innovation Fund* target as examples companies like the circular fashion start up **For Days**, a service starting a circular revolution by recycling consumers' old clothes with the Take Back Bag and offering a robust catalogue of 100% circular, recyclable and eco-designed clothing. A second project, **Aphea.Bio** whose mission is "Applied Nature for better Agriculture" develops new and superior agricultural biologicals to reduce or substitute chemicals application.

"L'Oréal is the initiator of the Circular Economy Fund and its first investor with 50 million euros. I am convinced that finance can play a decisive role in mitigating the impacts of climate change and can be a vehicle for progress. We believe impact investment is one of the ways we can contribute to spur innovation in the circular economy space as part of the L'Oréal For the Future program. Impact investing is a perfect illustration of sustainable finance, that is to say, the ability to combine financial value creation with environmental and social value creation", said **Christophe Babule, Executive Vice-President, Chief Financial Officer of L'Oréal**.

"As organizations and individuals are feeling the pressure of climate change, sustainable investing strategies will continue to soar. This strategic collaboration between impact investors and established institutions comes at a pivotal point as we need to re-think how we consume goods globally. The *Circular Innovation Fund* has the potential to drastically re-design how we extract, manufacture, consume and dispose of goods and materials. Together, we can deliver value to the market with returns and, most importantly, deliver purpose and new innovation-driven technologies developed by talented entrepreneurs that have the potential to mitigate the environmental crisis humanity faces", explains **Andrée-Lise Méthot, Founder & Managing Partner of Cycle Capital and Stéphane Villecroze, Co-Founder and Managing Partner of Demeter**.

"The latest IPCC report confirmed that "it is now or never" that we can act to stave off the worst impacts of global warming. As a leader, we want to act in two complementary and strategic ways: on one hand, reduce the impact of our business – by sourcing our ingredients in a sustainable way, using more materials from recycled origin, etc. On the other hand, contribute to addressing some of the most pressing environmental challenges, such as waste management, plastic pollution and also biodiversity loss. That is why, in addition to be the anchor investor leading the new *Circular Innovation Fund*, this year, we continue to invest to regenerate biodiversity through a new ambitious and innovative French tech project", comments **Alexandra Palf, Chief Corporate Responsibility Officer and CEO of the Fondation L'Oréal**.

Update about L'Oréal Fund for Nature Regeneration

The first 50M€ L'Oréal impact investing fund, the *L'Oréal Fund for Nature Regeneration*, has been launched in June 2020. L'Oréal has teamed up with Mirova, an asset management pioneering in natural capital investment. It gets involved in the seed phase to catalyze innovative, scalable financial models based on carbon credits and other ways of creating value from ecosystem services. The Fund will include projects that support the restoration of forests, mangroves, marine areas and degraded lands.

Last year L'Oréal started with a 1st project in the UK, the investment in **Real Wild Estates Company (RWEC)**. It aims to restore up to 50,000 hectares of degraded landscapes across the UK and more widely in Europe.

This year, the Group is investing in Rize, a French technological start-up created in 2020 and part of the Station F "Future 40" ranking. Its mission is to accelerate the low-carbon agricultural transition by facilitating access to carbon financing for farmers. Rize has developed a complete and unique digital solution to support farmers from the diagnostic phase of their farm to the marketing of carbon credits, including technical assistance for improving practices and impact monitoring.

The L'Oréal Fund for Nature Regeneration is investing in this start-up, aiming to:

- regenerate more than 2.5 million hectares of agricultural land,
- sequester 4 million tons of CO₂,
- support 75,000 farmers in France and Europe.

ABOUT

The Circular Innovation Fund

The Circular Innovation Fund ("CIF") is a global growth stage venture capital fund focused solely on circular innovation. It is a joint venture between leading cleantech capital managers - Montreal-based Cycle Capital and Paris-based Demeter. The fund invests in growth-stage companies from North America, Europe and Asia developing breakthrough new materials, circular packaging, recycling and waste innovations, logistics, as well as eco-efficient processes & design, and circular business models. For more information: circularinnovationfund.com.

The L'Oréal Fund for Nature Regeneration

The L'Oréal Fund for Nature Regeneration is a 50-million-euro impact investment fund, operated by Mirova, the asset management company affiliated to Natixis Investment Managers and dedicated to sustainable investment. It aims to support projects conserving or restoring natural habitats. More specifically, the portfolio will include projects that support the regeneration of degraded land, mangroves as well the restoration of marine areas and forests. Beyond ecological restoration, these projects will also help address the social needs of surrounding communities through the development of sustainable livelihood opportunities (sustainable agriculture and fisheries, ecotourism, commercialization of carbon credits). They will live in a healthier environment, benefit from new economic opportunities and enhanced resilience to climate change:

- By 2030, the L'Oréal Fund for Nature Regeneration will have helped restore one million hectares of degraded ecosystems.
- By 2030, the Fund will have helped capture 15 to 20 million tons of CO₂.
- It will have created hundreds of job opportunities.

L'Oréal

For over 110 years, L'Oréal, the world's leading beauty player, has devoted itself to one thing only: fulfilling the beauty aspirations of consumers around the world. Our purpose, to create the beauty that moves the world, defines our approach to beauty as inclusive, ethical, generous and committed to social and environmental sustainability. With our broad portfolio of 35 international brands and ambitious sustainability commitments in our L'Oréal for the Future programme, we offer each and every person around the world the best in terms of quality, efficacy, safety, sincerity and responsibility, while celebrating beauty in its infinite plurality.

With 85,400 committed employees, a balanced geographical footprint and sales across all distribution networks (e-commerce, mass market, department stores, pharmacies, hair salons, branded and travel retail), in 2021 the Group generated sales amounting to 32.28 billion euros. With 20 research centers across 11 countries around the world and a dedicated Research and Innovation team of 4,000 scientists and over 3,000 tech professionals, L'Oréal is focused on inventing the future of beauty and becoming a Beauty Tech powerhouse.

More information on <https://www.loreal.com/en/mediaroom>

"This press release does not constitute an offer of sale or solicitation of an offer to purchase L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our website www.loreal-finance.com.

This press release may contain forecast information. While the Company believes that these statements are based on reasonable assumptions as of the date of publication of this press release, they are by nature subject to risks and uncertainties which may lead to a discrepancy between the actual figures and those indicated or suggested in these statements."

The L'Oréal Circular Innovation Fund is an "Alternative Investment Fund" (fonds d'investissement alternatif) within the meaning of article L. 214-24 II of the French Monetary and Financial Code (Code monétaire et financier) and is established as a Fonds Professionnel Spécialisé in the form of a Société de Libre Partenariat within the meaning of Article L. 214-162-1 et seq of the French Monetary and Financial Code. The L'Oréal Circular Innovation Fund is opened for subscription and/or acquisition to investors who qualify as professional investors within the meaning of article L. 533-16 of the French Monetary and Financial Code.

The L'Oréal Fund for Nature Regeneration is an "Other Alternative Investment Fund" (autre fonds d'investissement alternatif) within the meaning of article L. 214-24 III of the French Monetary and Financial Code (Code monétaire et financier) and is established in the form of a simplified joint-stock company with variable capital (société par actions simplifiée à capital variable). The L'Oréal Fund for Nature Regeneration is exclusively dedicated to L'Oréal and its affiliates and will not be marketed to third parties nor subscribed by third parties. L'Oréal fund for Nature Regeneration is a French société par actions simplifiée à capital variable (other AIF), closed to new subscription. Mirova is the management company. The supervisory authority approval is not required for this fund. Mirova is a Portfolio management company regulated by AMF under n°GP 02-014.

CONTACTS

L'ORÉAL

Switchboard
+33 (0)1 47 56 70 00

Individual shareholders and market regulators

Christian MUNICH
+33 (0)1 47 56 72 06
Christian.munich2@loreal.com

Financial analysts and institutional investors

Françoise LAUVIN
+33 (0)1 47 56 86 82
Francoise.lauvin@loreal.com

Media

Noëlle CAMILLERI
+33 (0)6 79 92 99 39
Noelle.camilleri@loreal.com

Christine BURKE
+33 (0)6 75 54 38 15
Christine.burke@loreal.com

For further information, please contact your bank, stockbroker or financial institution (I.S.I.N. code: FR000012031), and consult your usual newspapers or magazines or the Internet site for shareholders and investors, www.loreal-finance.com, the L'Oréal Finance app or call the toll-free number from France: 0 800 66 66 66. 0 800 66 66 66

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